

108TH CONGRESS
1ST SESSION

S. 1793

To provide for college quality, affordability, and diversity, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 28, 2003

Mr. KENNEDY (for himself, Mr. DODD, Mr. BINGAMAN, Mrs. MURRAY, Mr. REED, and Mrs. CLINTON) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To provide for college quality, affordability, and diversity,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “College Quality, Af-
5 fordability, and Diversity Improvement Act of 2003”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Findings.

TITLE I—ACCESS TO COLLEGE FOR ALL

- Sec. 101. Pell Grants.
- Sec. 102. Expansion of Hope scholarships.
- Sec. 103. Elimination of origination fees and adjustment of fees and terms.
- Sec. 104. Direct Loan Reward Program.
- Sec. 105. Costs of higher education.
- Sec. 106. Credit for interest on higher education loans.
- Sec. 107. Refinancing authority for Federal Direct Consolidation Loan.
- Sec. 108. Loans funded through tax-exempt securities.
- Sec. 109. Windfall profit offset.
- Sec. 110. Support for working students.
- Sec. 111. Student eligibility.
- Sec. 112. Authorization of appropriations levels for campus-based aid.
- Sec. 113. Special programs for students whose families are engaged in migrant and seasonal farmwork.
- Sec. 114. Loan forgiveness and cancellation for certain teachers.
- Sec. 115. Revision of tax table.
- Sec. 116. Income contingent repayment for public sector employees.

TITLE II—TEACHER QUALITY ENHANCEMENT

- Sec. 201. Amendment to title II.

TITLE III—DIVERSITY, RETENTION, AND ENRICHED ACADEMICS FOR MATRICULATING STUDENTS

- Sec. 301. Test preparation for low-income students.
- Sec. 302. Admissions and retention.
- Sec. 303. Federal Trio program.
- Sec. 304. Gear Up.
- Sec. 305. Leveraging educational assistance partnership program.

TITLE IV—OPPORTUNITIES AT HISPANIC-SERVING INSTITUTIONS

- Sec. 401. Postbaccalaureate opportunities for Hispanic Americans.
- Sec. 402. Definitions.
- Sec. 403. Authorized activities.
- Sec. 404. Elimination of wait-out period.
- Sec. 405. Application priority.

TITLE V—HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

- Sec. 501. Professional or graduate institutions.
- Sec. 502. Graduate and professional degree development program.
- Sec. 503. Authorization of appropriations.
- Sec. 504. Patsy T. Mink fellowship program.

TITLE VI—RECRUITMENT OF TEACHERS TO TEACH AT TRIBAL COLLEGES OR UNIVERSITIES

- Sec. 601. Loan repayment or cancellation for individuals who teach in Tribal Colleges or Universities.
- Sec. 602. Amounts forgiven not treated as gross income.

1 **SEC. 3. FINDINGS.**

2 Congress finds the following:

1 (1) A college education is more important than
2 ever, and the Federal Government should do more to
3 make it affordable and accessible to all qualified stu-
4 dents because—

5 (A) recent shifts in the economy have in-
6 creased the demand for college-educated work-
7 ers and increased the wage gap between college-
8 educated workers and those without a degree
9 (workers with a Bachelor's degree earn 75 per-
10 cent more than workers with just a high school
11 diploma); and

12 (B) jobs requiring some postsecondary
13 education are expected to account for about 42
14 percent of total job growth from 2000 through
15 2010.

16 (2) Increased access to college, reformed admis-
17 sions systems, and better retention of students are
18 needed because—

19 (A) 65 percent of high-income students are
20 on a college-preparatory track, whereas only 28
21 percent of low-income students are on a college-
22 preparatory track;

23 (B) 7 times as many students from high-
24 income families (48 percent) graduate from col-

1 lege by age 24 as students from low-income
2 families (7 percent);

3 (C) 80 percent of 4-year institutions of
4 higher education use the SAT in the admissions
5 process;

6 (D) commercial SAT coaching classes,
7 such as those run by Kaplan, Inc. and Prince-
8 ton Review, have demonstrated effectiveness in
9 raising a student's SAT score by 100 points or
10 more, which can significantly improve a stu-
11 dent's chance of getting into an elite college;

12 (E) SAT coaching programs range from
13 \$700 to \$3,000 per course and the costs are
14 prohibitive for low-income students;

15 (F) those students who receive SAT coach-
16 ing tend to be disproportionally middle or upper
17 class;

18 (G) 34 percent of students who receive
19 SAT coaching are from families whose com-
20 bined annual income is between \$40,000 and
21 \$80,000, and 43 percent are from families
22 whose combined annual income is more than
23 \$80,000;

1 (H) applying to college early decision pro-
2 vides an advantage to an applicant equal to an
3 additional 100 points on the SAT;

4 (I) low-income students are less able to
5 apply to colleges early decision because such
6 students need to compare the financial aid
7 packages at different colleges;

8 (J) 40 percent of all Whites age 18
9 through 24 are enrolled in institutions of higher
10 education, whereas only 30 percent of all Afri-
11 can-Americans and only 16 percent of all His-
12 panics are enrolled in institutions of higher edu-
13 cation;

14 (K) nearly 4 out of every 10 Hispanics en-
15 rolled full time in 4-year colleges drop out with-
16 in 3 years of their initial enrollment, African-
17 Americans are half as likely as White students
18 to complete a Bachelor's degree in 4 years, and
19 low-income students are half as likely as upper-
20 income students to complete a Bachelor's de-
21 gree in 4 years;

22 (L) in 1990, 1 in 4 Americans was a mem-
23 ber of a minority group, and in 2001, 1 in 3
24 Americans was a member of a minority group;

1 (M) low-income, college-qualified high
 2 school graduates have an annual “unmet need”
 3 of \$3,800 in college expenses, expenses not cov-
 4 ered by grants, loans, work, or family savings;

5 (N) 46 percent of all students who work in
 6 addition to being full-time students report 25
 7 hours or more a week of employment; and

8 (O) 50 percent of those employed more
 9 than 25 hours a week report that working hurts
 10 their grades and retention in college, and stu-
 11 dents who work more than 35 hours a week are
 12 considerably less likely to complete a year of
 13 college than those who work less than 15 hours
 14 a week.

15 (3) Federal student aid is too focused on loans
 16 instead of grant aid because—

17 (A) although approximately
 18 \$55,000,000,000 is made available annually in
 19 direct and indirect Federal aid to postsecondary
 20 education students and their families, in 2002,
 21 60 percent of such Federal student aid was in
 22 the form of loans while only 40 percent was in
 23 the form of grants, a reversal of the distribu-
 24 tion 20 years ago;

1 (B) the purchasing power of the Pell Grant
2 has declined since Pell Grants cover only 40
3 percent of average fixed costs at 4-year public
4 colleges, about half of what they covered 25
5 years ago;

6 (C) 15 years ago Pell Grants covered 98
7 percent of average tuition at 4-year public col-
8 leges, whereas today Pell Grants only cover 64
9 percent on average;

10 (D) the Federal Government saves money
11 under the Direct Loan program and makes a
12 profit of 3.5 cents on every dollar lent under
13 the Direct Lending program, while it loses
14 10.37 cents on every dollar lent under the Fed-
15 eral Family Education Loan Program; and

16 (E) average student indebtedness is
17 \$17,000, and reaches over \$120,000 for profes-
18 sional school graduates.

19 (4) The Federal Government should do more to
20 help States, local educational agencies, and schools
21 ensure a qualified teacher in every classroom be-
22 cause under the No Child Left Behind Act of 2001,
23 States are required to ensure that all teachers teach-
24 ing in core academic subjects within the State are
25 “highly qualified” not later than the end of the

1 2005–2006 school year. States need to do much
2 more to meet the challenges in the new Federal law.
3 In the 1999–2000 school year, 29 percent of elemen-
4 tary school students, 59 percent of middle school
5 students, and 29 percent of high school students
6 were taught by teachers without both a major and
7 certification in the subject in which they taught.

8 (5) There is a severe shortage of qualified
9 teachers, especially in high-need fields and low-in-
10 come areas because—

11 (A) approximately a third of America’s
12 teachers leave teaching sometime during their
13 first 3 years of teaching and almost half leave
14 during the first 5 years;

15 (B) overall turnover rate for teachers in
16 high-poverty areas is almost a third higher than
17 it is for teachers in all schools;

18 (C) underqualified teachers are more often
19 found in high-poverty schools; and

20 (D) in low-poverty secondary schools, ap-
21 proximately $\frac{1}{3}$ of students are taught by a
22 teacher who lacks either a college degree in the
23 subject area in which the teacher teaches or
24 certification in such subject area, while in high-

1 poverty secondary schools, approximately $\frac{1}{2}$ of
 2 students are taught by such a teacher.

3 (6) Teacher shortages are more severe in some
 4 fields than in others:

5 (A) Employment opportunities in teaching
 6 special education are expected to grow 21 to 35
 7 percent through 2010, an increase of over
 8 150,000 positions.

9 (B) The most recent data from a 1994
 10 General Accounting Office report estimates a
 11 shortage of 100,000 to 200,000 bilingual teach-
 12 ers, even as the limited English proficient stu-
 13 dent population continues to grow.

14 (C) It is estimated that of the 2,000,000
 15 teachers needed over the next 10 years, almost
 16 200,000 will be secondary school mathematics
 17 and science teachers.

18 **TITLE I—ACCESS TO COLLEGE** 19 **FOR ALL**

20 **SEC. 101. PELL GRANTS.**

21 (a) APPROPRIATION OF FUNDS FOR PELL
 22 GRANTS.—There are authorized to be appropriated and
 23 there are appropriated, out of any money in the Treasury
 24 not otherwise appropriated for the fiscal year ending Sep-
 25 tember 30, 2004, for carrying out subpart 1 of part A

1 of title IV of the Higher Education Act of 1965,
2 \$14,515,000,000.

3 (b) AUTHORIZATION AMOUNT AND MAXIMUM PELL
4 GRANT.—Section 401(b) of the Higher Education Act of
5 1965 (20 U.S.C. 1070a(b)) is amended—

6 (1) in paragraph (3)—

7 (A) in subparagraph (A), by striking “ap-
8 propriation Act” and inserting “appropriation
9 Act or subparagraph (C)”; and

10 (B) by adding at the end the following:

11 “(C) The maximum Pell Grant for which a stu-
12 dent shall be eligible during award year 2004–2005
13 shall be \$4,500.”; and

14 (2) in paragraph (2)(A), by striking clauses (i)
15 through (v) and inserting the following:

16 “(i) \$7,600 for academic year 2005–2006;

17 “(ii) \$8,600 for academic year 2006–2007;

18 “(iii) \$9,600 for academic year 2007–2008;

19 “(iv) \$10,600 for academic year 2008–2009;

20 and

21 “(v) \$11,600 for academic year 2009–2010.”.

22 **SEC. 102. EXPANSION OF HOPE SCHOLARSHIPS.**

23 (a) EXPANSION OF HOPE SCHOLARSHIP CREDIT.—

24 (1) DOUBLE MAXIMUM CREDIT TO \$3,000.—

25 Subsection (b) of section 25A of the Internal Rev-

1 enue Code of 1986 (relating to Hope and Lifetime
 2 Learning credits) is amended by striking “2” in
 3 paragraph (4) and inserting “3”.

4 (2) CREDIT AVAILABLE FOR 4 YEARS.—Sub-
 5 section (b) of section 25A of such Code is amended
 6 by striking “2” each place it appears in paragraphs
 7 (2)(A), (2)(C), and (4) and inserting “4”.

8 (3) REFUNDABLE CREDIT.—

9 (A) IN GENERAL.—Section 25A of such
 10 Code is hereby moved to subpart C of part IV
 11 of subchapter A of chapter 1 of such Code (re-
 12 lating to refundable credits) and inserted after
 13 section 35.

14 (B) TECHNICAL AMENDMENTS.—

15 (i) Section 36 of such Code is redesign-
 16 nated as section 37.

17 (ii) Section 25A of such Code (as
 18 moved by subsection (a)) is redesignated as
 19 section 36.

20 (iii) Paragraph (1) of section 36(a) of
 21 such Code (as redesignated by paragraph
 22 (2)) is amended by striking “this chapter”
 23 and inserting “this subtitle”.

24 (iv) Subparagraph (B) of section
 25 72(t)(7) of such Code is amended by strik-

ing “section 25A(g)(2)” and inserting
 “section 36(g)(2)”.

(v) Subparagraph (A) of section
 135(d)(2) of such Code is amended by
 striking “section 25A” and inserting “sec-
 tion 36”.

(vi) Section 221(d) of such Code is
 amended—

(I) by striking “section
 25A(g)(2)” in paragraph (2)(B) and
 inserting “section 36(g)(2)”,

(II) by striking “section
 25A(f)(2)” in paragraph (2)(B) and
 inserting “section 36(f)(2)”, and

(III) by striking “section
 25A(b)(3)” in paragraph (3) and in-
 serting “section 36(b)(3)”.

(vii) Section 222 of such Code is
 amended—

(I) by striking “section 25A” in
 subparagraph (A) of subsection (c)(2)
 and inserting “section 36”,

(II) by striking “section 25A(f)”
 in subsection (d)(1) and inserting
 “section 36(f)”, and

1 (III) by striking “section
2 25A(g)(2)” in subsection (d)(1) and
3 inserting “section 36(g)(2)”.

4 (viii) Section 529 of such Code is
5 amended—

6 (I) by striking “section
7 25A(g)(2)” in subclause (I) of sub-
8 section (c)(3)(B)(v) and inserting
9 “section 36(g)(2)”,

10 (II) by striking “section 25A” in
11 subclause (II) of subsection
12 (c)(3)(B)(v) and inserting “section
13 36”, and

14 (III) by striking “section
15 25A(b)(3)” in clause (i) of subsection
16 (e)(3)(B) and inserting “section
17 36(b)(3)”.

18 (ix) Section 530 of such Code is
19 amended—

20 (I) by striking “section
21 25A(g)(2)” in subclause (I) of sub-
22 section (d)(2)(C)(i) and inserting
23 “section 36(g)(2)”,

24 (II) by striking “section 25A” in
25 subclause (II) of subsection

1 (d)(2)(C)(i) and inserting “section
2 36”, and

3 (III) by striking “section
4 25A(g)(2)” in clause (iii) of sub-
5 section (d)(4)(B) and inserting “sec-
6 tion 36(g)(2)”.

7 (x) Subsection (e) of section 6050S of
8 such Code is amended by striking “section
9 25A” and inserting “section 36”.

10 (xi) Subparagraph (J) of section
11 6213(g)(2) of such Code is amended by
12 striking “section 25A(g)(1)” and inserting
13 “section 36(g)(1)”.

14 (xii) Paragraph (2) of section 1324(b)
15 of title 31, United States Code, is amended
16 by inserting before the period “or from
17 section 36 of such Code”.

18 (xiii) The table of sections for subpart
19 C of part IV of subchapter A of chapter 1
20 of the Internal Revenue Code of 1986 is
21 amended by striking the item relating to
22 section 36 and inserting the following:

“Sec. 36. Hope and Lifetime Learning credits.
“Sec. 37. Overpayments of tax.”.

1 (xiv) The table of sections for subpart
 2 A of such part IV is amended by striking
 3 the item relating to section 25A.

4 (4) CREDIT ALLOWED FOR COST OF ATTEND-
 5 ANCE.—

6 (A) IN GENERAL.—

7 (i) Subsection (b) of section 36 of
 8 such Code, as moved and redesignated by
 9 paragraph (3), is amended by striking
 10 “qualified tuition and related expenses”
 11 each place it occurs and inserting “cost of
 12 attendance”.

13 (ii) Subsection (f) of such section 36
 14 is amended by adding at the end the fol-
 15 lowing new paragraph:

16 “(3) NO PELL REDUCTION.—The term ‘cost of
 17 attendance’ has the meaning given such term in sec-
 18 tion 472 of the Higher Education Act of 1965, ex-
 19 cept that the term shall not include any costs de-
 20 scribed in paragraph (4) or (5) of such section.”.

21 (B) CONFORMING AMENDMENTS.—

22 (i) Subsection (b)(1)(B) of such sec-
 23 tion 36 is amended by striking “such ex-
 24 penses” and inserting “such cost”.

1 (ii) Subsections (e) and (g) of such
 2 section 36 are amended by inserting “the
 3 cost of attendance or” before “qualified”
 4 each place it appears.

5 (5) EXPANSION OF LIMITATION.—

6 (A) IN GENERAL.—Subsection (d) of sec-
 7 tion 36 of such Code, as moved and redesign-
 8 nated by paragraph (3), is amended—

9 (i) in paragraph (1), by striking the
 10 period and inserting “in the case of the
 11 Lifetime Learning Credit and paragraph
 12 (3) in the case of the Hope Scholarship
 13 Credit.”,

14 (ii) in paragraph (2), by inserting
 15 “FOR THE LIFETIME LEARNING CREDIT”
 16 in the heading after “REDUCTION”, and

17 (iii) by redesignating paragraph (3) as
 18 paragraph (4) and by adding after para-
 19 graph (2) the following new paragraph:

20 “(3) AMOUNT OF REDUCTION FOR HOPE
 21 SCHOLARSHIP CREDIT.—The amount determined
 22 under this paragraph is the amount which bears the
 23 same ratio to the amount which would be so taken
 24 into account as—

25 “(A) the excess of—

1 “(i) the taxpayer’s modified adjusted
2 gross income for such taxable year, over

3 “(ii) the sum of—

4 “(I) the amount of any education
5 assistance received by the student
6 that is not subject to tax under this
7 chapter, and

8 “(II) \$40,000 (\$80,000 in the
9 case of a joint return), bears to

10 “(B) \$10,000 (\$20,000 in the case of a
11 joint return).”.

12 (B) CONFORMING AMENDMENTS.—Sub-
13 section (h) of such section 36 is amended—

14 (i) in paragraph (2), by inserting

15 “FOR THE LIFETIME LEARNING CREDIT”

16 in the heading after “LIMITS”, and

17 (ii) by inserting at the end the fol-
18 lowing new paragraph:

19 “(3) INCOME LIMITS FOR HOPE SCHOLARSHIP
20 CREDIT.—

21 “(A) IN GENERAL.—In the case of a tax-
22 able year beginning after 2003, the \$40,000
23 and \$80,000 amounts in subsection (d)(3) shall
24 each be increased by an amount equal to—

25 “(i) such dollar amount, multiplied by

1 “(ii) the cost-of-living adjustment de-
 2 termined under section 1(f)(3) for the cal-
 3 endar year in which the taxable year be-
 4 gins, determined by substituting ‘calendar
 5 year 2002’ for ‘calendar year 1992’ in sub-
 6 paragraph (B) thereof.

7 “(B) ROUNDING.—If any amount as ad-
 8 justed under subparagraph (A) is not a multiple
 9 of \$1,000, such amount shall be rounded to the
 10 next lowest multiple of \$1,000.”.

11 (b) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to taxable years beginning after
 13 December 31, 2002.

14 **SEC. 103. ELIMINATION OF ORIGINATION FEES AND AD-**
 15 **JUSTMENT OF FEES AND TERMS.**

16 (a) DIRECT LOANS.—Section 455(c) of the Higher
 17 Education Act of 1965 (20 U.S.C. 1087e(c)) is amended
 18 to read as follows:

19 “(c) LOAN FEE.—

20 “(1) IN GENERAL.—Except as provided in para-
 21 graph (2), the Secretary shall charge the borrower
 22 of a loan made under this part an origination fee of
 23 4.0 percent of the principal amount of the loan.

24 “(2) EXCEPTION FOR SUBSIDIZED LOANS.—

25 The Secretary may not charge the borrower of a

1 loan made under this part an origination fee if the
 2 borrower receives an interest subsidy for such
 3 loan.”.

4 (b) FFEL PROGRAM.—Section 438(c) of the Higher
 5 Education Act of 1965 (20 U.S.C. 1087–1(c)) is amended
 6 by adding at the end the following:

7 “(9) TERMINATION OF ORIGATION FEES FOR
 8 SUBSIDIZED LOANS.—Notwithstanding any other
 9 provision of this subsection, with respect to any loan
 10 made, insured, or guaranteed under this part on or
 11 after the first July 1 after the date of enactment of
 12 this paragraph for which a borrower receives an in-
 13 terest subsidy under section 428(a)—

14 “(A) no eligible lender may collect directly
 15 or indirectly from the borrower any origination
 16 fee with respect to such loan, or any other fee
 17 relating to the origination of a loan however de-
 18 scribed; and

19 “(B) the Secretary shall not collect any
 20 origination fee from the lender under this sub-
 21 section.”.

22 (c) ADJUSTMENT OF FEES AND LOANS FOR DIRECT
 23 LOANS.—Section 455 of the Higher Education Act of
 24 1965 (20 U.S.C. 1087e) is amended by adding at the end
 25 the following:

1 “(m) ADJUSTMENT OF FEES AND LOANS.—Notwith-
 2 standing any other provision of law, the Secretary shall
 3 adjust the fees and terms for Federal Direct Unsubsidized
 4 Stafford Loans to be equal to the fees and terms for loans
 5 made to borrowers under section 428H.”.

6 **SEC. 104. DIRECT LOAN REWARD PROGRAM.**

7 Part D of title IV of the Higher Education Act of
 8 1965 (20 U.S.C. 1087a et seq.) is amended by adding at
 9 the end the following:

10 **“SEC. 460A. DIRECT LOAN REWARD PROGRAM.**

11 “(a) SHORT TITLE.—This section may be cited as the
 12 ‘Direct Loan Reward Act’.

13 “(b) PROGRAM AUTHORIZED.—The Secretary shall
 14 carry out a Direct Loan Reward Program to encourage
 15 institutions of higher education to participate in the stu-
 16 dent loan program under this part.

17 “(c) PROGRAM REQUIREMENTS.—In carrying out the
 18 Direct Loan Reward Program, the Secretary shall—

19 “(1) provide to each institution of higher edu-
 20 cation participating in the student loan program
 21 under this part a financial reward payment, in an
 22 amount determined in accordance with subsection
 23 (d), to encourage the institution to provide student
 24 loans under this part;

1 “(2) require each institution of higher edu-
2 cation receiving a payment under this section to pro-
3 vide student loans under this part for a period of 5
4 years from the date the payment is made;

5 “(3) require that funds paid to institutions of
6 higher education under this section be used to award
7 students Federal Supplemental Educational Oppor-
8 tunity Grants in accordance with subpart 3 of part
9 A, except that an institution of higher education
10 shall not be required to provide any matching funds
11 with respect to such awards; and

12 “(4) for a period of 2 years beginning on the
13 date of enactment of this section, encourage all insti-
14 tutions of higher education to participate in the Di-
15 rect Loan Reward Program.

16 “(d) AMOUNT.—The amount of a financial reward
17 payment under this section shall be—

18 “(1) in the case of the first year of an institu-
19 tion of higher education’s participation in the Direct
20 Loan Reward Program, an amount equal to 50 per-
21 cent of the savings to the Federal Government gen-
22 erated by the institution’s participation in the stu-
23 dent loan program under this part instead of the in-
24 stitution’s participation in the student loan program
25 under part B; and

1 “(2) in the case of the second through fifth
2 years of an institution of higher education’s partici-
3 pation in the Direct Loan Reward Program, an
4 amount equal to 10 percent of the savings to the
5 Federal Government generated by the institution’s
6 participation in the student loan program under this
7 part instead of the institution’s participation in the
8 student loan program under part B.

9 “(e) TRIGGER TO ENSURE COST NEUTRALITY.—

10 “(1) LIMIT TO ENSURE COST NEUTRALITY.—
11 Notwithstanding subsection (d), the Secretary shall
12 not distribute financial reward payments under the
13 Direct Loan Reward Program that, in the aggre-
14 gate, exceed the Federal savings resulting from im-
15 plementation of the Direct Loan Reward Program.

16 “(2) FEDERAL SAVINGS.—In calculating Fed-
17 eral savings, as used in paragraph (1), the Secretary
18 shall determine any Federal savings on loans made
19 to students at institutions of higher education that
20 participate in the Direct Loan Reward Program and
21 that, on the date of enactment of the Direct Loan
22 Reward Program, participated in the student loan
23 program under part B, resulting from the difference
24 of—

1 “(A) the Federal cost of loan volume made
2 under this part; and

3 “(B) the Federal cost of an equivalent type
4 and amount of loan volume made, insured, or
5 guaranteed under part B.

6 “(3) DISTRIBUTION RULES.—If the Federal
7 savings determined under paragraph (2) is not suffi-
8 cient to distribute full financial reward payments
9 under the Direct Loan Reward Program, the Sec-
10 retary shall—

11 “(A) first make financial reward payments
12 to those institutions of higher education that
13 participated in the student loan program under
14 part B on the date of enactment of the Direct
15 Loan Reward Program; and

16 “(B) with any remaining Federal savings
17 after making payments under subparagraph
18 (A), make financial reward payments to the in-
19 stitutions of higher education not described in
20 subparagraph (A) on a pro-rata basis.

21 “(4) CARRY OVER.—Any institution of higher
22 education that receives a reduced financial reward
23 payment under paragraph (3)(B), shall remain eligi-
24 ble for the unpaid portion of such institution’s finan-
25 cial reward payment, as well as any additional finan-

1 cial reward payments for which the institution is
 2 otherwise eligible, in subsequent fiscal years.”.

3 **SEC. 105. COSTS OF HIGHER EDUCATION.**

4 (a) SUPPORTING REDUCED TUITION INCREASES.—
 5 Part C of title I of the Higher Education Act of 1965
 6 (20 U.S.C. 1015 et seq.) is amended by adding at the end
 7 the following:

8 **“SEC. 132. ECONOMIES OF SCALE.**

9 “(a) AUTHORIZATION.—

10 “(1) IN GENERAL.—The Secretary is authorized
 11 to award grants, on a competitive basis, to univer-
 12 sity consortia to enable such consortia to engage in
 13 endeavors to reduce college costs.

14 “(2) UNIVERSITY CONSORTIUM.—In this sec-
 15 tion, the term ‘university consortium’ means a con-
 16 sortium of not less than 5 two- or four-year degree
 17 granting institutions of higher education that receive
 18 assistance under title IV.

19 “(3) DURATION.—Grants awarded under this
 20 section shall be for a period of not more than 4
 21 years.

22 “(b) APPLICATION.—

23 “(1) IN GENERAL.—A university consortium
 24 that desires a grant under this section shall submit
 25 an application to the Secretary at such time, in such

1 manner, and containing such information as the Sec-
2 retary determines appropriate.

3 “(2) CONTENT.—An application submitted
4 under paragraph (1) shall include—

5 “(A) a list of the institutions of higher
6 education that are partners in the university
7 consortium;

8 “(B) a letter of intent to participate in the
9 university consortium from each partner insti-
10 tution of higher education;

11 “(C) a general description of the nature of
12 the programs, activities, or other cost-cutting
13 measures to be carried out by the university
14 consortium with funds received under this sec-
15 tion, and the cost of such programs, activities,
16 or other cost-cutting measures;

17 “(D) a description of how such activities
18 are expected to result in cost savings for all
19 partner institutions of higher education;

20 “(E) an estimation of how much money
21 will be saved through such activities;

22 “(F) an assurance that when the univer-
23 sity consortium efforts begin to post savings for
24 the partner institutions of higher education, not
25 less than 50 percent of the savings will be

1 passed to students by cutting or maintaining
2 student tuition rates or increasing student aid;

3 “(G) an assurance that each partner insti-
4 tution of higher education will not raise tuition
5 more than twice the inflation change tracked
6 pursuant to section 131(c)(4) from academic
7 year to subsequent academic year during the
8 life of the grant;

9 “(H) a general timeline of how the univer-
10 sity consortium will carry out planned activities
11 and when savings are expected to be posted;
12 and

13 “(I) a statement as to how the university
14 consortium plans to provide matching funds re-
15 quired under this section.

16 “(3) PEER REVIEW PANEL.—

17 “(A) IN GENERAL.—The Secretary shall
18 submit to a peer review panel each application
19 submitted under paragraph (1).

20 “(B) COMPOSITION.—The peer review
21 panel shall consist of representatives from—

22 “(i) higher education, including pro-
23 fessors;

24 “(ii) the Department; and

25 “(iii) the business community.

1 “(C) APPROVAL OR DISAPPROVAL.—With
 2 respect to each application, the peer review
 3 panel shall recommend whether each applicant
 4 should be awarded a grant under this section.

5 “(c) AWARDING OF GRANTS.—

6 “(1) GEOGRAPHIC DISTRIBUTION.—In awarding
 7 grants under this section, the Secretary shall take
 8 into consideration providing an equitable geographic
 9 distribution of the grants throughout the United
 10 States.

11 “(2) MAXIMUM AWARD.—A grant award under
 12 this section shall be not more than \$200,000. Not
 13 more than \$75,000 may be awarded in the first year
 14 of the grant award and remaining funds shall be
 15 evenly divided over the remaining 3 years.

16 “(d) ACTIVITIES.—

17 “(1) COST-CUTTING ACTIVITIES.—A university
 18 consortium awarded a grant under this section shall
 19 use the grant funds to cut partner institution of
 20 higher education costs by carrying out 1 or more of
 21 the following activities:

22 “(A) Cooperative purchasing of health care
 23 and other employee benefit plans.

24 “(B) Cooperative purchasing of technology
 25 infrastructure.

1 “(C) Joint degree programs.

2 “(D) Expansion of joint distance education
3 programs across institutions of higher edu-
4 cation.

5 “(E) Shared library acquisitions.

6 “(F) Development and implementation of a
7 credit transfer system among partner institu-
8 tions of higher education.

9 “(G) Development and implementation of
10 cooperative billing structures.

11 “(H) Development and implementation of
12 joint professional development for faculty and
13 staff.

14 “(I) Joint legal counsel.

15 “(J) Other activities that have the effect of
16 cutting partner institution of higher education
17 costs.

18 “(2) FURTHER ACTIVITIES.—A university con-
19 sortium may carry out activities not listed in para-
20 graph (1) in addition to carrying out 1 or more ac-
21 tivities listed in paragraph (1).

22 “(3) COST SAVINGS TO STUDENTS.—Each part-
23 ner institution of higher education of a university
24 consortium awarded a grant under this section
25 shall—

1 “(A) not raise tuition more than twice the
2 rate of inflation from academic year to subse-
3 quent academic year during the life of the
4 grant; and

5 “(B) pass on to the students at such insti-
6 tution not less than 50 percent of the savings
7 from the grant by cutting or maintaining stu-
8 dent tuition rates or increasing student aid.

9 “(e) MATCHING FUNDS.—

10 “(1) IN GENERAL.—Each university consortium
11 awarded a grant under this section shall provide
12 matching funds from non-Federal sources to carry
13 out activities under this section in an amount equal
14 to—

15 “(A) 40 percent of the grant award in the
16 first year;

17 “(B) 50 percent of the grant award in the
18 second year;

19 “(C) 65 percent of the grant award in each
20 of the third and fourth years; and

21 “(D) 80 percent of the grant award in the
22 fifth year.

23 “(2) IN-KIND CONTRIBUTIONS.—Not more than
24 50 percent of the matching funds required under

1 paragraph (1) may be provided in the form of in-
 2 kind contributions.

3 “(f) ONE-TIME AWARD.—A university consortium
 4 may receive a grant under this section only one time.

5 “(g) SUPPLEMENT, NOT SUPPLANT.—Funds made
 6 available under this section shall be used to supplement,
 7 not supplant, other funds available for institutional or
 8 campus-based student aid.

9 “(h) REPORTING.—

10 “(1) ANNUAL REPORT.—

11 “(A) IN GENERAL.—Each university con-
 12 sortium awarded a grant under this section
 13 shall submit an annual report to the Secretary
 14 on progress toward meeting the purposes of this
 15 section.

16 “(B) CONSEQUENCES OF NOT MAKING
 17 SUBSTANTIAL PROGRESS.—If the Secretary,
 18 after consultation with the peer review panel
 19 described in subsection (b)(3), determines that
 20 the university consortium is not making sub-
 21 stantial progress in meeting the purposes and
 22 goals of this section, as appropriate, by the end
 23 of the second year of the grant, the grant shall
 24 not be continued for the third and fourth year
 25 of the grant.

1 “(2) REPORT BY THE SECRETARY.—The Sec-
2 retary shall—

3 “(A) conduct an analysis on the overall ef-
4 fectiveness of university consortia in cutting col-
5 lege costs and passing savings on to students;
6 and

7 “(B) make the analysis under subpara-
8 graph (A) available to Congress and the public
9 biannually.

10 “(i) NATIONAL ACTIVITIES.—The Secretary may re-
11 serve not more than 5 percent of the funds appropriated
12 for this section for any fiscal year for—

13 “(1) peer review of applications;

14 “(2) conducting the analysis required under
15 subsection (h)(3); and

16 “(3) technical assistance.

17 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated to carry out this section
19 \$5,000,000 for fiscal year 2004 and such sums as may
20 be necessary for each of the 5 succeeding fiscal years.”.

21 (b) COLLEGE COST SUMMIT.—Part C of title I of the
22 Higher Education Act of 1965 (20 U.S.C. 1015 et seq.),
23 as amended by subsection (a), is further amended by add-
24 ing at the end the following:

1 **“SEC. 133. COLLEGE COST SUMMIT.**

2 “(a) IN GENERAL.—The Secretary shall convene a
3 college cost summit with representatives of competing peer
4 institutions of higher education for the purpose of negoti-
5 ating voluntarily agreed upon limits on future college tui-
6 tion and fee increases.

7 “(b) SECRETARIAL APPROVAL.—No agreement
8 reached pursuant to subsection (a) shall take effect absent
9 approval by the Secretary.

10 “(c) ANTITRUST EXEMPTION.—

11 “(1) DEFINITIONS.—In this subsection:

12 “(A) ANTITRUST LAWS.—The term ‘anti-
13 trust laws’ has the meaning given such term in
14 subsection (a) of the first section of the Clayton
15 Act (15 U.S.C. 12(a)), except that such term
16 includes section 5 of the Federal Trade Com-
17 mission Act (15 U.S.C. 45) to the extent such
18 section 5 applies to unfair methods of competi-
19 tion.

20 “(B) INSTITUTION OF HIGHER EDU-
21 CATION.—The term ‘institution of higher edu-
22 cation’—

23 “(i) means an institution of higher
24 education as defined in section 101; and

25 “(ii) includes any individual acting on
26 behalf of such an institution.

1 “(2) EXEMPTION.—The antitrust laws shall not
 2 apply to any joint discussion, consideration, review,
 3 action, or agreement by or among institutions of
 4 higher education or their representatives pursuant to
 5 this section and for the purpose of, and limited to,
 6 negotiating voluntarily agreed upon limits on future
 7 college tuition and fee increases, approved by the
 8 Secretary.”.

9 (c) MAINTENANCE OF EFFORT.—Part A of title IV
 10 of the Higher Education Act of 1965 (20 U.S.C. 1070
 11 et seq.) is amended by adding at the end the following:

12 **“Subpart 9—Maintenance of Effort**

13 **“SEC. 420K. MAINTENANCE OF EFFORT.**

14 “(a) IN GENERAL.—A public institution of higher
 15 education is eligible to receive the full amount of assist-
 16 ance under this title for any fiscal year only if the Sec-
 17 retary determines that the State in which the public insti-
 18 tution of higher education is located maintains not less
 19 than 90 percent of its support for higher education from
 20 the preceding fiscal year, as demonstrated by the State
 21 aggregate expenditures with respect to the provision of
 22 higher education.

23 “(b) WAIVER.—The Secretary may waive the require-
 24 ments of this section if the Secretary determines that a
 25 waiver would be equitable due to—

1 “(1) exceptional or uncontrollable cir-
2 cumstances, such as a natural disaster; or

3 “(2) a precipitous, unpredicted, and unprece-
4 dented decline in State budget authority.

5 “(c) CONSEQUENCES OF FAILURE TO MAINTAIN EF-
6 FORT.—Notwithstanding any other provision of this Act,
7 the Secretary shall adjust the level of assistance available
8 to institutions described in subsection (a) by restoring the
9 Pell Grant maximum under this part and student loan fees
10 under parts B and D to their levels on June 30, 2004.”.

11 (d) TRUTH-IN-TUITION.—Part A of title IV of the
12 Higher Education Act of 1965 (20 U.S.C. 1070 et seq.),
13 as amended by subsection (c), is further amended by add-
14 ing at the end the following:

15 **“Subpart 10—Truth-in-Tuition**

16 **“SEC. 420L. DISCLOSURE IN APPLICATION.**

17 “An institution of higher education that receives Fed-
18 eral funds and is eligible for assistance under this title
19 shall include in materials accompanying an application for
20 admission to the institution up to date annual trend infor-
21 mation regarding the extent and average amount of such
22 institution’s tuition and fee discounts.”.

23 (e) COLLEGE CONSUMER PRICE INFORMATION.—
24 Section 131(c)(4) of the Higher Education Act of 1965
25 (20 U.S.C. 1015(c)(4)) is amended to read as follows:

1 “(4) HIGHER EDUCATION MARKET BASKET.—

2 “(A) IN GENERAL.—The Bureau of Labor
3 Statistics, in consultation with the Commis-
4 sioner for Education Statistics, shall develop a
5 higher education cost index that tracks inflation
6 changes in the necessary costs associated with
7 higher education.

8 “(B) AUTHORIZATION OF APPROPRIA-
9 TIONS.—There are authorized to be appro-
10 priated to carry out this paragraph \$7,000,000
11 for fiscal year 2004 and such sums as may be
12 necessary for each of the 5 succeeding fiscal
13 years.”.

14 **SEC. 106. CREDIT FOR INTEREST ON HIGHER EDUCATION**
15 **LOANS.**

16 (a) IN GENERAL.—Subpart A of part IV of sub-
17 chapter A of chapter 1 of the Internal Revenue Code of
18 1986 (relating to nonrefundable personal credits) is
19 amended by inserting after section 25B the following new
20 section:

21 **“SEC. 25C. INTEREST ON HIGHER EDUCATION LOANS.**

22 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
23 dividual, there shall be allowed as a credit against the tax
24 imposed by this chapter for the taxable year an amount

1 equal to the interest paid by the taxpayer during the tax-
 2 able year on any qualified education loan.

3 “(b) MAXIMUM CREDIT.—

4 “(1) IN GENERAL.—Except as provided in para-
 5 graph (2), the credit allowed by subsection (a) for
 6 the taxable year shall not exceed \$1,500.

7 “(2) LIMITATION BASED ON MODIFIED AD-
 8 JUSTED GROSS INCOME.—

9 “(A) IN GENERAL.—If the modified ad-
 10 justed gross income of the taxpayer for the tax-
 11 able year exceeds \$50,000 (\$100,000 in the
 12 case of a joint return), the amount which would
 13 (but for this paragraph) be allowable as a credit
 14 under this section shall be reduced (but not
 15 below zero) by the amount which bears the
 16 same ratio to the amount which would be so al-
 17 lowable as such excess bears to \$10,000
 18 (\$20,000 in the case of a joint return).

19 “(B) MODIFIED ADJUSTED GROSS IN-
 20 COME.—The term ‘modified adjusted gross in-
 21 come’ means adjusted gross income determined
 22 without regard to sections 911, 931, and 933.

23 “(C) INFLATION ADJUSTMENT.—In the
 24 case of any taxable year beginning after 2004,
 25 the \$50,000 and \$100,000 amounts referred to

1 in subparagraph (A) shall be increased by an
2 amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-
5 termined under section 1(f)(3) for the cal-
6 endar year in which the taxable year be-
7 gins, by substituting ‘2003’ for ‘1992’.

8 “(D) ROUNDING.—If any amount as ad-
9 justed under subparagraph (C) is not a multiple
10 of \$50, such amount shall be rounded to the
11 nearest multiple of \$50.

12 “(c) DEPENDENTS NOT ELIGIBLE FOR CREDIT.—No
13 credit shall be allowed by this section to an individual for
14 the taxable year if a deduction under section 151 with re-
15 spect to such individual is allowed to another taxpayer for
16 the taxable year beginning in the calendar year in which
17 such individual’s taxable year begins.

18 “(d) LIMIT ON PERIOD CREDIT ALLOWED.—A credit
19 shall be allowed under this section only with respect to
20 interest paid on any qualified education loan during the
21 first 60 months (whether or not consecutive) in which in-
22 terest payments are required. For purposes of this para-
23 graph, any loan and all refinancings of such loan shall be
24 treated as 1 loan.

25 “(e) DEFINITIONS.—For purposes of this section:

1 “(1) QUALIFIED EDUCATION LOAN.—The term
2 ‘qualified education loan’ has the meaning given
3 such term by section 221(d)(1).

4 “(2) DEPENDENT.—The term ‘dependent’ has
5 the meaning given such term by section 152.

6 “(f) SPECIAL RULES.—

7 “(1) DENIAL OF DOUBLE BENEFIT.—No credit
8 shall be allowed under this section for any amount
9 taken into account for any deduction under any
10 other provision of this chapter.

11 “(2) MARRIED COUPLES MUST FILE JOINT RE-
12 TURN.—If the taxpayer is married at the close of
13 the taxable year, the credit shall be allowed under
14 subsection (a) only if the taxpayer and the tax-
15 payer’s spouse file a joint return for the taxable
16 year.

17 “(3) MARITAL STATUS.—Marital status shall be
18 determined in accordance with section 7703.”.

19 (b) CONFORMING AMENDMENT.—The table of sec-
20 tions for subpart A of part IV of subchapter A of chapter
21 1 of the Internal Revenue Code of 1986 is amended by
22 inserting after the item relating to section 25B the fol-
23 lowing new item:

 “Sec. 25C. Interest on higher education loans.”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to any qualified education loan (as

1 defined in section 25C(e)(1) of the Internal Revenue Code
 2 of 1986, as added by this section) incurred on, before, or
 3 after the date of enactment of this Act, but only with re-
 4 spect to any loan interest payment due after December
 5 31, 2002.

6 **SEC. 107. REFINANCING AUTHORITY FOR FEDERAL DIRECT**
 7 **CONSOLIDATION LOAN.**

8 Section 455(g) of the Higher Education Act of 1965
 9 (20 U.S.C. 1087e(g)) is amended—

10 (1) by striking “A borrower” and inserting the
 11 following:

12 “(1) IN GENERAL.—A borrower”; and

13 (2) by adding at the end the following:

14 “(2) REFINANCING AUTHORITY.—

15 “(A) IN GENERAL.—Notwithstanding any
 16 other provision of this part, a borrower may re-
 17 finance a Federal Direct Consolidation Loan at
 18 the prevailing fixed rate as determined by the
 19 Secretary, if the interest rate on such bor-
 20 rower’s Federal Direct Consolidation Loan is
 21 not less than the sum of 3.3 percent and the
 22 average of the bond equivalent rates of the 91-
 23 day Treasury bills auctioned for the previous
 24 calendar quarter.

1 “(B) ONE-TIME ONLY.—A borrower may
2 refinance under subparagraph (A) only once.”.

3 **SEC. 108. LOANS FUNDED THROUGH TAX-EXEMPT SECURI-**
4 **TIES.**

5 (a) REPEAL.—Subparagraph (B) of section
6 438(b)(2) of the Higher Education Act of 1965 (20
7 U.S.C. 1087–1(b)(2)) is repealed.

8 (b) LOANS FUNDED THROUGH TAX-EXEMPT SECU-
9 RITIES.—Section 438(b)(2) of the Higher Education Act
10 of 1965 is amended further by inserting after subpara-
11 graph (A) the following:

12 “(B) Notwithstanding any other provision of
13 law, the quarterly rate of the special allowance for
14 the holders of loans financed directly, indirectly, or
15 derivatively with funds obtained by the holders from
16 the issuance of obligations, the income from which
17 is excluded from gross income under the Internal
18 Revenue Code of 1986, regardless of the date of the
19 issuance of the obligations, shall be the quarterly
20 rate of the special allowance established under sub-
21 paragraph (A), (E), (F), (G), or (H), as the case
22 may be.”.

1 **SEC. 109. WINDFALL PROFIT OFFSET.**

2 Section 438 of the Higher Education Act of 1965 (20
3 U.S.C. 1087–1) is amended by adding at the end the fol-
4 lowing:

5 “(g) WINDFALL PROFIT OFFSET.—

6 “(1) IN GENERAL.—Except as provided in para-
7 graph (2), at the end of every fiscal quarter for
8 which an eligible lender does not receive a special al-
9 lowance payment under this section, the eligible
10 lender shall pay to the Secretary of the Treasury for
11 deposit into the Treasury as miscellaneous receipts
12 a windfall profit offset payment for the fiscal quar-
13 ter equal to the amount by which—

14 “(A) the aggregate amount of all payments
15 of interest received by the eligible lender from
16 borrowers on all loans made, insured, or guar-
17 anteed under this part during the fiscal quar-
18 ter; exceeds

19 “(B) interest guaranteed the lender under
20 this section for the fiscal quarter, irrespective of
21 the amount received under subparagraph (A).

22 “(2) EXCEPTION.—An eligible lender shall not
23 be subject to the requirement of paragraph (1) if the
24 eligible lender is an organization described in section
25 501(c)(3) of the Internal Revenue Code of 1986 and

1 a nonprofit entity as defined by applicable State law,
2 and meets the following requirements:

3 “(A) The eligible lender does not confer a
4 salary or benefits to any employee of the lender
5 in an amount that is in excess of the salary and
6 benefits provided to the Secretary by the De-
7 partment.

8 “(B) The eligible lender does not maintain
9 an ongoing relationship whereby it passes on
10 revenue directly or indirectly through lease,
11 securitization, resale, or any other financial in-
12 strument to a for-profit entity or to share-
13 holders.

14 “(C) The eligible lender does not offer ben-
15 efits to a borrower in a manner directly or indi-
16 rectly predicated on such borrower’s participa-
17 tion in a program under this part, part D, or
18 with any particular lender.

19 “(D) The eligible lender certifies that it
20 uses the windfall profit amount described in
21 paragraph (1) to carry out the purposes of this
22 Act through activities such as the following:

23 “(i) Conferring grants, scholarships,
24 or loans.

1 “(ii) Financing work-study student
2 employment.

3 “(iii) Carrying out activities author-
4 ized under chapters 1 and 2 of subpart 2
5 of part A.

6 “(E) The eligible lender is subject to public
7 oversight through either a State charter, or not
8 less than 50 percent of the lender’s board of di-
9 rectors consists of State appointed representa-
10 tives.

11 “(F) The eligible lender does not engage in
12 the marketing of the relative value of programs
13 under this part as compared to programs under
14 part D, nor does the lender engage in the mar-
15 keting of loans or programs offered by for-prof-
16 it lenders. This subparagraph shall not be con-
17 strued to prohibit the eligible lender from con-
18 ferring basic information on lenders under this
19 part and the related benefits offered by such
20 lenders.”.

21 **SEC. 110. SUPPORT FOR WORKING STUDENTS.**

22 (a) DEPENDENT STUDENTS.—Section 475(g)(2) of
23 the Higher Education Act of 1965 (20 U.S.C.
24 1087oo(g)(2)) is amended by striking subparagraph (D)
25 and inserting the following:

1 “(D) \$9,000;”.

2 (b) INDEPENDENT STUDENTS WITHOUT DEPEND-
 3 ENTS OTHER THAN A SPOUSE.—Section 476(b)(1)(A) of
 4 the Higher Education Act of 1965 (20 U.S.C.
 5 1087pp(b)(1)(A)) is amended by striking clause (iv) and
 6 inserting the following:

7 “(iv) \$13,000;”.

8 (c) INDEPENDENT STUDENTS WITH DEPENDENTS
 9 OTHER THAN A SPOUSE.—Section 477(b) of the Higher
 10 Education Act of 1965 (20 U.S.C. 1087qq(b)) is amend-
 11 ed—

12 (1) in paragraph (1)—

13 (A) by striking subparagraph (D) and in-
 14 serting the following:

15 “(D) \$18,000;”; and

16 (B) in subparagraph (E), by striking
 17 “paragraph (5)” and inserting “paragraph
 18 (4)”;

19 (2) by striking paragraph (4); and

20 (3) by redesignating paragraph (5) as para-
 21 graph (4).

22 (d) CONFORMING AMENDMENTS.—Section 478 of the
 23 Higher Education Act of 1965 (20 U.S.C. 1087rr) is
 24 amended—

1 (1) by striking subsection (b) and inserting the
2 following:

3 “(b) INCOME PROTECTION ALLOWANCE.—For each
4 academic year after academic year 1993–1994, the Sec-
5 retary shall publish in the Federal Register a revised table
6 of income protection allowances for the purpose of section
7 475(c)(4). Such revised table shall be developed by in-
8 creasing each of the dollar amounts contained in the table
9 in such section by a percentage equal to the estimated per-
10 centage increase in the Consumer Price Index (as deter-
11 mined by the Secretary) between December 1992 and the
12 December next preceding the beginning of such academic
13 year, and rounding the result to the nearest \$10.”; and

14 (2) in subsection (h)—

15 (A) in the first sentence, by striking
16 “477(b)(5)” and inserting “477(b)(4)”; and

17 (B) in the second sentence—

18 (i) by striking “477(b)(5)(A)” and in-
19 serting “477(b)(4)(A)”; and

20 (ii) by striking “477(b)(5)(B)” and
21 inserting “477(b)(4)(B)”.

22 **SEC. 111. STUDENT ELIGIBILITY.**

23 Section 484 of the Higher Education Act of 1965 (20
24 U.S.C. 1091) is amended by striking subsection (r).

1 **SEC. 112. AUTHORIZATION OF APPROPRIATIONS LEVELS**
2 **FOR CAMPUS-BASED AID.**

3 (a) FEDERAL SUPPLEMENTAL EDUCATIONAL OP-
4 PORTUNITY GRANTS.—Section 413A(b)(1) of the Higher
5 Education Act of 1965 (20 U.S.C. 1070b(b)(1)) is amend-
6 ed by striking “\$675,000,000 for fiscal year 1999 and
7 such sums as may be necessary for the 4 succeeding fiscal
8 years” and inserting “\$1,000,000,000 for fiscal year 2004
9 and such sums as may be necessary for each of the 5 suc-
10 ceeding fiscal years”.

11 (b) FEDERAL WORK-STUDY PROGRAMS.—Section
12 441(b) of the Higher Education Act of 1965 (42 U.S.C.
13 2751(b)) is amended by striking “\$1,000,000,000 for fis-
14 cal year 1999 and such sums as may be necessary for each
15 of the 4 succeeding fiscal years” and inserting
16 “\$1,500,000,000 for fiscal year 2004 and such sums as
17 may be necessary for each of the 5 succeeding fiscal
18 years”.

19 (c) FEDERAL PERKINS LOANS.—Section 461(b)(1)
20 of the Higher Education Act of 1965 (20 U.S.C.
21 1087aa(b)(1)) is amended by striking “\$250,000,000 for
22 fiscal year 1999 and such sums as may be necessary for
23 each of the 4 succeeding fiscal years” and inserting
24 “\$300,000,000 for fiscal year 2004 and such sums as may
25 be necessary for each of the 5 succeeding fiscal years”.

1 **SEC. 113. SPECIAL PROGRAMS FOR STUDENTS WHOSE FAM-**
2 **ILIES ARE ENGAGED IN MIGRANT AND SEA-**
3 **SONAL FARMWORK.**

4 Section 418A of the Higher Education Act of 1965
5 (20 U.S.C. 1070d-2) is amended—

6 (1) in subsection (f)—

7 (A) in paragraph (1), by striking
8 “\$150,000” and inserting “\$225,000”; and

9 (B) in paragraph (2), by striking
10 “\$150,000” and inserting “\$225,000”; and

11 (2) in subsection (h)—

12 (A) in paragraph (1)—

13 (i) by striking “\$15,000,000” and in-
14 serting “\$40,000,000”;

15 (ii) by striking “1999” and inserting
16 “2004”; and

17 (iii) by striking “4” and inserting
18 “5”; and

19 (B) in paragraph (2)—

20 (i) by striking “\$5,000,000” and in-
21 serting “\$30,000,000”;

22 (ii) by striking “1999” and inserting
23 “2004”; and

24 (iii) by striking “4” and inserting
25 “5”.

1 **SEC. 114. LOAN FORGIVENESS AND CANCELLATION FOR**
 2 **CERTAIN TEACHERS.**

3 (a) FFEL LOANS.—Section 428J of the Higher Edu-
 4 cation Act of 1965 (20 U.S.C. 1078–10) is amended—

5 (1) in subsection (c), by adding at the end the
 6 following:

7 “(3) ADDITIONAL AMOUNTS FOR HIGHLY
 8 QUALIFIED TEACHERS IN MATHEMATICS, SCIENCE,
 9 SPECIAL EDUCATION, OR BILINGUAL EDUCATION.—
 10 Notwithstanding the amount specified in paragraph
 11 (1) and the requirements of subsection (b)(1), the
 12 Secretary shall repay not more than \$15,000 in the
 13 aggregate of the loan obligation on a loan made
 14 under section 428 or 428H that is outstanding after
 15 the completion of the fifth complete school year of
 16 teaching described in subparagraphs (A) and (B) in
 17 the case of a teacher—

18 “(A) who has been employed as a full-time
 19 teacher for 5 consecutive complete school years
 20 in a school that qualifies under section
 21 465(a)(2)(A) for loan cancellation for Perkins
 22 loan recipients who teach in such schools, ex-
 23 cept that the enrollment of children counted
 24 under section 1124(c) of the Elementary and
 25 Secondary Education Act of 1965 exceeds 40
 26 percent of the total enrollment of such school;

1 “(B) whose qualifying employment is
2 teaching mathematics, science, special edu-
3 cation, or bilingual education; and

4 “(C) who is highly qualified (as defined in
5 section 9101 of the Elementary and Secondary
6 Education Act of 1965).”; and

7 (2) by adding at the end the following:

8 “(i) EARLY EDUCATION TEACHERS.—

9 “(1) AUTHORIZATION.—The Secretary shall
10 carry out a program, through the holder of the loan,
11 of assuming the obligation to repay a qualified loan
12 amount for a loan made under section 428 or 428H,
13 in accordance with paragraph (2), for any new bor-
14 rower on or after October 1, 1998, who—

15 “(A) has been employed as a full-time
16 teacher for 5 consecutive complete school years
17 in a Head Start or Early Head Start program
18 under the Head Start Act (42 U.S.C. 9831 et
19 seq.), or in another comparable prekindergarten
20 program that serves children not less than 60
21 percent of whom are eligible to participate in a
22 Head Start or Early Head Start program; and

23 “(B) is not in default on a loan for which
24 the borrower seeks forgiveness.

25 “(2) QUALIFIED LOAN AMOUNT.—

1 “(A) IN GENERAL.—The Secretary shall
 2 repay not more than \$15,000 in the aggregate
 3 of the loan obligation on a loan made under
 4 section 428 or 428H that is outstanding after
 5 the completion of the fifth complete school year
 6 of teaching described in paragraph (1)(A).

7 “(B) TREATMENT OF CONSOLIDATION
 8 LOANS.—A loan amount for a loan made under
 9 section 428C may be a qualified loan amount
 10 for the purposes of this paragraph only to the
 11 extent that such loan amount was used to repay
 12 a Federal Direct Stafford Loan, a Federal Di-
 13 rect Unsubsidized Stafford Loan, or a loan
 14 made under section 428 or 428H for a bor-
 15 rower who meets the requirements of paragraph
 16 (1), as determined in accordance with regula-
 17 tions prescribed by the Secretary.”.

18 (b) DIRECT LOANS.—Section 460 of the Higher Edu-
 19 cation Act of 1965 (20 U.S.C. 1087j) is amended—

20 (1) in subsection (c), by adding at the end the
 21 following:

22 “(3) ADDITIONAL AMOUNTS FOR HIGHLY
 23 QUALIFIED TEACHERS IN MATHEMATICS, SCIENCE,
 24 SPECIAL EDUCATION, OR BILINGUAL EDUCATION.—
 25 Notwithstanding the amount specified in paragraph

(1) and the requirements of subsection (b)(1)(A), the Secretary shall cancel not more than \$15,000 in the aggregate of the loan obligation on a Federal Direct Stafford Loan or a Federal Direct Unsubsidized Stafford Loan that is outstanding after the completion of the fifth complete school year of teaching described in subparagraphs (A) and (B) in the case of a teacher—

“(A) who has been employed as a full-time teacher for 5 consecutive complete school years in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools, except that the enrollment of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 exceeds 40 percent of the total enrollment of such school;

“(B) whose qualifying employment is teaching mathematics, science, special education, or bilingual education; and

“(C) who is highly qualified (as defined in section 9101 of the Elementary and Secondary Education Act of 1965).”; and

(2) by adding at the end the following:

“(i) EARLY EDUCATION TEACHERS.—

1 “(1) AUTHORIZATION.—The Secretary shall
2 carry out a program of canceling the obligation to
3 repay a qualified loan amount in accordance with
4 paragraph (2) for Federal Direct Stafford Loans
5 and Federal Direct Unsubsidized Stafford Loans
6 made under this part for any new borrower on or
7 after October 1, 1998, who—

8 “(A) has been employed as a full-time
9 teacher for 5 consecutive complete school years
10 in a Head Start or Early Head Start program
11 under the Head Start Act (42 U.S.C. 9831 et
12 seq.), or in another comparable prekindergarten
13 program that serves children not less than 60
14 percent of whom are eligible to participate in a
15 Head Start or Early Head Start program; and

16 “(B) is not in default on a loan for which
17 the borrower seeks cancellation.

18 “(2) QUALIFIED LOAN AMOUNT.—

19 “(A) IN GENERAL.—The Secretary shall
20 cancel not more than \$15,000 in the aggregate
21 of the loan obligation on a Federal Direct Staf-
22 ford Loan or a Federal Direct Unsubsidized
23 Stafford Loan that is outstanding after the
24 completion of the fifth complete school year of
25 teaching described in paragraph (1)(A).

1 “(B) TREATMENT OF CONSOLIDATION
 2 LOANS.—A loan amount for a Federal Direct
 3 Consolidation Loan may be a qualified loan
 4 amount for the purposes of this paragraph only
 5 to the extent that such loan amount was used
 6 to repay a Federal Direct Stafford Loan, a
 7 Federal Direct Unsubsidized Stafford Loan, or
 8 a loan made under section 428 or 428H for a
 9 borrower who meets the requirements of para-
 10 graph (1), as determined in accordance with
 11 regulations prescribed by the Secretary.”.

12 **SEC. 115. REVISION OF TAX TABLE.**

13 Section 478(g) of the Higher Education Act of 1965
 14 (20 U.S.C. 1087rr(g)) is amended by adding at the end
 15 the following: “The Secretary shall develop such revised
 16 table only after consultation with appropriate committees
 17 of Congress.”.

18 **SEC. 116. INCOME CONTINGENT REPAYMENT FOR PUBLIC**
 19 **SECTOR EMPLOYEES.**

20 Section 455(e) of the Higher Education Act of 1965
 21 (20 U.S.C. 1087e(e)) is amended by adding at the end
 22 the following:

23 “(7) REPAYMENT PLAN FOR PUBLIC SECTOR
 24 EMPLOYEES.—

1 “(A) IN GENERAL.—The Secretary shall
2 forgive the balance due on any loan made under
3 this part for a borrower—

4 “(i) who has made 120 payments on
5 such loan pursuant to income contingent
6 repayment; and

7 “(ii) who is employed, and was em-
8 ployed for the 10-year period in which the
9 borrower made the 120 payments de-
10 scribed in clause (i), in a public sector job.

11 “(B) PUBLIC SECTOR JOB.—In this para-
12 graph, the term ‘public sector job’ means a full-
13 time job in emergency management, govern-
14 ment, public safety, law enforcement, public
15 health, education (including early childhood
16 education), or public interest legal services (in-
17 cluding prosecution or public defense).

18 “(8) RETURN TO STANDARD REPAYMENT.—A
19 borrower who is repaying a loan made under this
20 part pursuant to income contingent repayment may
21 choose, at any time, to terminate repayment pursu-
22 ant to income contingent repayment and repay such
23 loan under the standard repayment plan.”.

1 **TITLE II—TEACHER QUALITY**
 2 **ENHANCEMENT**

3 **SEC. 201. AMENDMENT TO TITLE II.**

4 Title II of the Higher Education Act of 1965 (20
 5 U.S.C. 1021 et seq.) is amended to read as follows:

6 **“TITLE II—TEACHER QUALITY**
 7 **ENHANCEMENT**

8 **“PART A—TEACHER QUALITY ENHANCEMENT**
 9 **GRANTS FOR STATES AND PARTNERSHIPS**

10 **“SEC. 201. PURPOSES; DEFINITIONS.**

11 “(a) PURPOSES.—The purposes of this part are to—

12 “(1) improve student achievement;

13 “(2) increase the size and scope of programs
 14 funded under this part to meet the goal of having
 15 100 percent of teachers as highly qualified teachers;

16 “(3) retain and recruit highly qualified individ-
 17 uals into the teaching force through incentives;

18 “(4) hold institutions of higher education ac-
 19 countable for preparing teachers, through
 20 coursework in pedagogy, with effective methods of
 21 teaching as a means of better preparing teachers for
 22 the modern day classroom;

23 “(5) improve the quality of the current and fu-
 24 ture teaching force by improving the preparation of

1 prospective teachers and enhancing professional de-
 2 velopment activities;

3 “(6) hold institutions of higher education ac-
 4 countable for preparing teachers who have the nec-
 5 essary teaching skills and are highly competent in
 6 the academic content areas in which the teachers
 7 plan to teach, such as mathematics, science, English,
 8 reading or language arts, foreign languages, history,
 9 economics, art, civics, Government, and geography,
 10 including training in the effective uses of technology
 11 in the classroom;

12 “(7) recruit highly qualified individuals, includ-
 13 ing individuals from other occupations, into the
 14 teaching force, especially in subject areas of high
 15 need (including bilingual education, special edu-
 16 cation, mathematics, science, and early childhood
 17 education), geographic areas of high need, and in ge-
 18 ographic areas with teacher vacancy or retention
 19 problems; and

20 “(8) encourage learning partnerships between
 21 students and parents that lead to improving student
 22 academic achievement and school performance.

23 “(b) DEFINITIONS.—In this part:

24 “(1) ARTS AND SCIENCES.—The term ‘arts and
 25 sciences’ means—

1 “(A) when referring to an organizational
 2 unit of an institution of higher education, any
 3 academic unit that offers 1 or more academic
 4 majors in disciplines or content areas cor-
 5 responding to the academic subject matter
 6 areas in which teachers provide instruction; and

7 “(B) when referring to a specific academic
 8 subject matter area, the disciplines or content
 9 areas in which academic majors are offered by
 10 the arts and science organizational unit.

11 “(2) HIGH NEED LOCAL EDUCATIONAL AGEN-
 12 CY.—The term ‘high need local educational agency’
 13 means a local educational agency in which—

14 “(A)(i) 30 percent of the students served
 15 by the agency are from families with incomes
 16 below the poverty line; or

17 “(ii) there are more than 20,000 students
 18 served by the agency from families with in-
 19 comes below the poverty line; and

20 “(B)(i) there is a high percentage of teach-
 21 ers who are not highly qualified; or

22 “(ii) there is a high teacher turnover rate.

23 “(3) HIGH NEED SCHOOL.—The term ‘high
 24 need school’ means an elementary school or sec-
 25 ondary school—

1 “(A) in which there is a high concentration
2 of students from families with incomes below
3 the poverty line; or

4 “(B) that is identified as in need of school
5 improvement or corrective action pursuant to
6 section 1116 of the Elementary and Secondary
7 Education Act of 1965 (20 U.S.C. 6316).

8 “(4) HIGHLY QUALIFIED.—The term ‘highly
9 qualified’ has the meaning given the term in section
10 9101 of the Elementary and Secondary Education
11 Act of 1965.

12 “(5) MENTORING.—The term ‘mentoring’ has
13 the meaning given the term in section 9101 of the
14 Elementary and Secondary Education Act of 1965.

15 “(6) PARENT.—The term ‘parent’ has the
16 meaning given the term in section 9101 of the Ele-
17 mentary and Secondary Education Act of 1965.

18 “(7) PARENTAL INVOLVEMENT.—The term ‘pa-
19 rental involvement’ has the meaning given the term
20 in section 9101 of the Elementary and Secondary
21 Education Act of 1965.

22 “(8) POVERTY LINE.—The term ‘poverty line’
23 means the poverty line (as defined by the Office of
24 Management and Budget, and revised annually in
25 accordance with section 673(2) of the Community

1 Services Block Grant Act (42 U.S.C. 9902(2))) ap-
 2 plicable to a family of the size involved.

3 “(9) PROFESSIONAL DEVELOPMENT.—The
 4 term ‘professional development’ has the meaning
 5 given the term in section 9101 of the Elementary
 6 and Secondary Education Act of 1965.

7 “(10) TEACHING SKILLS.—The term ‘teaching
 8 skills’ means skills—

9 “(A) grounded in the disciplines of teach-
 10 ing and learning that teachers use to create ef-
 11 fective instruction in subject matter content and
 12 that lead to student achievement and the ability
 13 to apply knowledge; and

14 “(B) that require an understanding of the
 15 learning process itself, including an under-
 16 standing of—

17 “(i) the use of strategies specific to
 18 the subject matter;

19 “(ii) the application of on-going as-
 20 sessment of student learning;

21 “(iii) individual differences in ability
 22 and instructional needs; and

23 “(iv) effective classroom management.

1 **“SEC. 202. PROGRAM AUTHORITY.**

2 “(a) COMPETITIVE GRANT PROGRAM.—If the
3 amount appropriated to carry out this part for a fiscal
4 year is less than \$270,000,000, then the Secretary shall
5 use—

6 “(1) 25 percent of such funds to carry out the
7 competitive State grant program under section 203;
8 and

9 “(2) 75 percent of such funds to carry out the
10 competitive partnership grant program under section
11 204.

12 “(b) FORMULA GRANT PROGRAM.—

13 “(1) IN GENERAL.—

14 “(A) AUTHORIZATION OF GRANTS.—If the
15 amount appropriated to carry out this part for
16 a fiscal year is equal to or exceeds
17 \$270,000,000, then the Secretary shall use
18 such funds to award a grant to each State from
19 allotments under subparagraph (B).

20 “(B) ALLOTMENTS.—The Secretary shall
21 make an allotment to each State in an amount
22 that bears the same relation to the funds as the
23 amount the State received under part A of title
24 I of the Elementary and Secondary Education
25 Act of 1965 for the preceding fiscal year bears

1 to the amount received by all States under such
 2 part for the preceding fiscal year.

3 “(2) STATE USE OF FUNDS.—A State that re-
 4 ceives an allotment under paragraph (1) shall ex-
 5 pend—

6 “(A) 25 percent of such funds to carry out
 7 State level activities under subsections (d) and
 8 (e) of section 203; and

9 “(B) 75 percent of such funds to carry out
 10 the competitive partnership grant program
 11 under section 204.

12 **“SEC. 203. STATE GRANTS.**

13 “(a) IN GENERAL.—From amounts made available
 14 under section 210 for a fiscal year, the Secretary is au-
 15 thorized to award grants under this section, on a competi-
 16 tive basis, to eligible States to enable the eligible States
 17 to carry out the activities described in subsections (d) and
 18 (e).

19 “(b) ELIGIBLE STATE.—

20 “(1) DEFINITION.—In this part, the term ‘eligi-
 21 ble State’ means a State educational agency.

22 “(2) CONSULTATION.—The State educational
 23 agency shall consult with the Governor, State board
 24 of education, or State agency for higher education,

1 as appropriate, with respect to the activities assisted
 2 under this section.

3 “(3) CONSTRUCTION.—Nothing in this sub-
 4 section shall be construed to negate or supersede the
 5 legal authority under State law of any State agency,
 6 State entity, or State public official over programs
 7 that are under the jurisdiction of the agency, entity,
 8 or official.

9 “(c) APPLICATION.—To be eligible to receive a grant
 10 under this section, an eligible State shall, at the time of
 11 the initial grant application, submit an application to the
 12 Secretary that—

13 “(1) meets the requirement of this section;

14 “(2) includes a description of how the eligible
 15 State intends to use funds provided under this sec-
 16 tion; and

17 “(3) contains such other information and assur-
 18 ances as the Secretary may require.

19 “(d) REQUIRED USES OF FUNDS.—A State that re-
 20 ceives a grant under this section shall use the grant funds
 21 to carry out the following activities:

22 “(1) RIGOROUS TEACHER CERTIFICATION OR
 23 LICENSURE PROGRAMS.—Ensuring that the State’s
 24 teacher certification or licensure program is rigorous
 25 and has high standards.

1 “(2) TEACHER RECRUITMENT.—

2 “(A) IN GENERAL.—Awarding scholarships
3 to help students pay the costs of tuition, room,
4 board, and other expenses of completing a
5 teacher preparation program.

6 “(B) SUPPORT SERVICES.—Providing sup-
7 port services, if needed, to enable scholarship
8 recipients to complete postsecondary education
9 programs.

10 “(C) ASSISTANCE TO BECOME HIGHLY
11 QUALIFIED TEACHERS.—Providing teachers
12 who are not highly qualified with the oppor-
13 tunity to take coursework or credentialing
14 courses in order to become highly qualified
15 teachers.

16 “(D) FOLLOWUP SERVICES.—Providing
17 followup services to former scholarship recipi-
18 ents during the recipients’ first 3 years of
19 teaching.

20 “(E) SERVICE REQUIREMENT.—The Sec-
21 retary shall establish such requirements as the
22 Secretary finds necessary to ensure that recipi-
23 ents of scholarships under this paragraph who
24 complete teacher education programs subse-
25 quently teach in a high need local educational

1 agency, for a period of time equivalent to the
2 period for which the recipients receive scholar-
3 ship assistance, or repay the amount of the
4 scholarship. The Secretary shall use any such
5 repayments to carry out additional activities
6 under this section.

7 “(e) ALLOWABLE USES OF FUNDS.—A State that re-
8 ceives a grant under this section may use such funds to
9 carry out any of the following activities:

10 “(1) REFORMS.—Implementing reforms that
11 hold institutions of higher education with teacher
12 preparation programs accountable for preparing
13 teachers who are highly competent in the academic
14 content areas in which the teachers plan to teach,
15 and possess strong teaching skills, which may in-
16 clude the use of rigorous subject matter competency
17 tests and the requirement that a teacher have an
18 academic major in the subject area, or related dis-
19 cipline, in which the teacher plans to teach, and in-
20 struction for such teachers on how to involve parents
21 in their children’s education.

22 “(2) CERTIFICATION OR LICENSURE REQUIRE-
23 MENTS.—Reforming teacher certification or licen-
24 sure requirements to ensure that teachers have the
25 necessary teaching skills and academic content

1 knowledge in the subject areas in which teachers are
 2 assigned to teach. States are encouraged to use
 3 funds to develop or enhance existing licensure and
 4 certification requirements for subject areas of high
 5 need (including bilingual education, special edu-
 6 cation, mathematics, science, and early childhood
 7 education), including development of a State test.

8 “(3) ALTERNATIVE ROUTES TO CERTIFICATION
 9 FOR TEACHING.—Providing prospective teachers
 10 with alternative routes to traditional preparation for
 11 teaching through programs at colleges of arts and
 12 sciences or at nonprofit educational organizations
 13 that have a proven record of effectiveness and in-
 14 clude instruction in teaching skills. Strengthening or
 15 developing alternative routes to State certification of
 16 teachers programs that includes, at a minimum—

17 “(A) a selective means for admitting indi-
 18 viduals into such programs that includes pas-
 19 sage of State teacher exams in appropriate sub-
 20 ject areas;

21 “(B) pedagogical course work, including
 22 formal instruction that addresses the theories
 23 and practices of teaching and monitoring stu-
 24 dent performance; and

1 “(C) support services, including mentoring
 2 for the individuals participating in the alter-
 3 native State certification of teachers programs
 4 that focuses on—

5 “(i) helping the individuals develop ef-
 6 fective teaching skills and strategies;

7 “(ii) professional development; and

8 “(iii) the disciplines of teaching and
 9 learning to ensure that prospective teach-
 10 ers have an understanding of research-
 11 based learning practices and possess skills
 12 related to the learning process.

13 “(4) TEACHER SUPPORT.—Carrying out pro-
 14 grams that include support during the initial teach-
 15 ing experience.

16 “(5) RECRUITING AND HIRING TEACHERS.—

17 “(A) EFFECTIVE MECHANISMS.—Devel-
 18 oping and implementing effective mechanisms
 19 to ensure that local educational agencies and
 20 schools are able to effectively recruit highly
 21 qualified teachers.

22 “(B) PROGRAMS.—Establishing programs
 23 that—

24 “(i) train and hire regular, special
 25 education, and bilingual education teachers

1 (which may include hiring special edu-
2 cation teachers to team-teach in classrooms
3 that contain both children with disabilities
4 and nondisabled children);

5 “(ii) train and hire highly qualified
6 teachers of special needs children and lim-
7 ited English proficient students, as well as
8 teaching specialists in core academic sub-
9 jects who will provide individualized in-
10 struction to students;

11 “(iii) recruit qualified professionals
12 from other fields, including highly qualified
13 paraprofessionals (as defined in section
14 2102 of the Elementary and Secondary
15 Education Act of 1965), and provide such
16 professionals with alternative routes to
17 teacher certification, including developing
18 and implementing hiring policies that en-
19 sure comprehensive recruitment efforts as
20 a way to expand the applicant pool, such
21 as through identifying teachers certified
22 through alternative routes, and using a
23 system of intensive screening designed to
24 hire the most qualified applicants; and

1 “(iv) provide increased opportunities
 2 for minorities, individuals with disabilities,
 3 and other individuals underrepresented in
 4 the teaching profession.

5 “(C) REDUCTION IN CLASS SIZE.—Recruit-
 6 ing and hiring highly qualified teachers to re-
 7 duce class size, particularly in the early grades.

8 “(6) SOCIAL PROMOTION.—Development and
 9 implementation of efforts to address the problem of
 10 social promotion and to prepare teachers to effec-
 11 tively address the issues raised by ending the prac-
 12 tice of social promotion.

13 “(7) SPECIAL CERTIFICATION FOR PROSPEC-
 14 TIVE AP TEACHERS.—Developing and implementing
 15 teacher preparation programs that provide special
 16 certification in advanced placement (AP)-level or
 17 international baccalaureate (IB)-level content and
 18 pedagogy, including undergraduate specializations in
 19 in-depth study of subject-specific content and prac-
 20 tical pedagogical experience through student teach-
 21 ing, and master degree level programs that lead to
 22 a master’s degree in AP-level or IB-level content.

23 “(8) FINANCIAL INCENTIVES.—Providing finan-
 24 cial incentives for teachers to teach in high need

1 schools in which there exists a shortage of highly
 2 qualified teachers.

3 **“SEC. 204. PARTNERSHIP GRANTS.**

4 “(a) GRANTS.—The Secretary or State, as appro-
 5 priate, shall use funds made available under section 202
 6 to award grants under this section, on a competitive basis,
 7 to eligible partnerships to enable the eligible partnerships
 8 to carry out the activities described in subsections (d) and
 9 (e).

10 “(b) DEFINITIONS.—

11 “(1) ELIGIBLE PARTNERSHIPS.—In this part,
 12 the term ‘eligible partnerships’ means an entity
 13 that—

14 “(A) shall include—

15 “(i) a partner institution;

16 “(ii) a school of arts and sciences; and

17 “(iii) a high need local educational
 18 agency; and

19 “(B) may include a Governor, State edu-
 20 cational agency, the State board of education,
 21 the State agency for higher education, an insti-
 22 tution of higher education not described in sub-
 23 paragraph (A), a community college, a public
 24 charter school, a public or private elementary
 25 school or secondary school, a public or private

1 nonprofit educational organization, a business,
2 a teacher organization, or a prekindergarten
3 program.

4 “(2) PARTNER INSTITUTION.—In this section,
5 the term ‘partner institution’ means a private inde-
6 pendent or State-supported public institution of
7 higher education, the teacher training program of
8 which demonstrates that—

9 “(A) graduates from the teacher training
10 program exhibit strong performance on State-
11 determined qualifying assessments for new
12 teachers through—

13 “(i) demonstrating that 80 percent or
14 more of the graduates of the program who
15 intend to enter the field of teaching have
16 passed all of the applicable State qualifica-
17 tion assessments for new teachers, which
18 shall include an assessment of each pro-
19 spective teacher’s subject matter knowledge
20 in the content area or areas in which the
21 teacher intends to teach; or

22 “(ii) being ranked among the highest-
23 performing teacher preparation programs
24 in the State as determined by the State—

1 “(I) using criteria consistent with
 2 the requirements for the State report
 3 card under section 207(b); and

4 “(II) using the State report card
 5 on teacher preparation required under
 6 section 207(b), after the first publica-
 7 tion of such report card and for every
 8 year thereafter; or

9 “(B) the teacher training program requires
 10 all the students of the program to participate in
 11 intensive clinical experience, to meet high aca-
 12 demic standards, and—

13 “(i) in the case of secondary school
 14 candidates, to successfully complete an
 15 academic major in the subject area in
 16 which the candidate intends to teach or to
 17 demonstrate competence through a high
 18 level of performance in relevant content
 19 areas; and

20 “(ii) in the case of elementary school
 21 candidates, to successfully complete an
 22 academic major in the arts and sciences or
 23 to demonstrate competence through a high
 24 level of performance in core academic sub-
 25 ject areas.

1 “(c) APPLICATION.—Each eligible partnership desir-
2 ing a grant under this section shall submit an application
3 to the Secretary or State, as appropriate, at such time,
4 in such manner, and accompanied by such information as
5 the Secretary or State, as appropriate, may require. Each
6 such application shall—

7 “(1) contain a needs assessment of all the part-
8 ners with respect to teaching and learning and a de-
9 scription of how the partnership will coordinate with
10 other teacher training or professional development
11 programs, and how the activities of the partnership
12 will be consistent with State, local, and other edu-
13 cation reform activities that promote student
14 achievement and parent involvement;

15 “(2) contain a resource assessment that de-
16 scribes the resources available to the partnership,
17 the intended use of the grant funds, including a de-
18 scription of how the grant funds will be fairly dis-
19 tributed in accordance with subsection (f), and the
20 commitment of the resources of the partnership to
21 the activities assisted under this part, including fi-
22 nancial support, faculty participation, time commit-
23 ments, and continuation of the activities when the
24 grant ends; and

25 “(3) contain a description of—

1 “(A) how the partnership will meet the
2 purposes of this part;

3 “(B) how the partnership will carry out
4 the activities required under subsection (d) and
5 any permissible activities under subsection (e);
6 and

7 “(C) the partnership’s evaluation plan pur-
8 suant to section 206(b).

9 “(d) REQUIRED USES OF FUNDS.—An eligible part-
10 nership that receives a grant under this section shall use
11 the grant funds to carry out the following activities:

12 “(1) REFORMS.—Implementing reforms within
13 teacher preparation programs to hold the programs
14 accountable for preparing teachers who are highly
15 competent in the academic content areas in which
16 the teachers plan to teach, and for promoting strong
17 teaching skills, including working with a school of
18 arts and sciences and integrating reliable research-
19 based teaching methods into the curriculum, which
20 curriculum shall include programs designed to suc-
21 cessfully integrate technology into teaching and
22 learning.

23 “(2) CLINICAL EXPERIENCE AND INTER-
24 ACTION.—Providing sustained and high-quality
25 preservice clinical experience including the men-

1 toring of prospective teachers by veteran teachers,
 2 and substantially increasing interaction between fac-
 3 ulty at institutions of higher education and new and
 4 experienced teachers, principals, and other adminis-
 5 trators at elementary schools or secondary schools,
 6 and providing support, including preparation time,
 7 for such interaction.

8 “(3) PROFESSIONAL DEVELOPMENT.—Creating
 9 opportunities for enhanced and ongoing professional
 10 development that improves the academic content
 11 knowledge of teachers in the subject areas in which
 12 the teachers are certified to teach or in which the
 13 teachers are working toward certification to teach,
 14 and that promotes strong teaching skills.

15 “(4) ENSURING ADEQUATE PREPARATION TO
 16 MEET HIGH STANDARDS.—Developing and imple-
 17 menting accountability measures for preservice—

18 “(A) training in reading;

19 “(B) training in addressing the needs of
 20 children with disabilities and limited English
 21 proficient individuals;

22 “(C) training in data analysis and how to
 23 use student achievement data to improve in-
 24 struction; and

1 “(D) optional training in teaching ad-
 2 vanced placement or international baccalaureate
 3 courses.

4 “(5) TEACHER PREPARATION AND PARENTAL
 5 INVOLVEMENT.—Preparing teachers with the knowl-
 6 edge and skills to enable such teachers to—

7 “(A) provide instruction to diverse student
 8 populations, including individuals with disabil-
 9 ities and limited English proficient individuals;
 10 and

11 “(B) work with and involve parents in
 12 their children’s education and in the teacher
 13 preparation program reform process.

14 “(6) TEACHER PREPARATION ENHANCEMENT
 15 INTERNSHIP.—Developing a 1-year paid internship
 16 program for students who have completed a 4-year
 17 teacher education program to enable such students
 18 to develop the skills and experience necessary for
 19 success in teaching, including providing intensive
 20 clinical training and combining in-service instruction
 21 in teacher methods and assessments with classroom
 22 observations, experiences, and practices. Such in-
 23 terns would have a reduced teaching load and a
 24 mentor for assistance in the classroom.

1 “(e) ALLOWABLE USES OF FUNDS.—An eligible
 2 partnership that receives a grant under this section may
 3 use such funds to carry out any of the following activities:

4 “(1) DISSEMINATION AND COORDINATION.—
 5 Broadly disseminating information on effective prac-
 6 tices used by the partnership, and coordinating with
 7 the activities of the Governor, State board of edu-
 8 cation, State higher education agency, and State
 9 educational agency, as appropriate.

10 “(2) MANAGERIAL AND LEADERSHIP SKILLS.—
 11 Developing and implementing proven mechanisms to
 12 provide principals and superintendents with effective
 13 managerial and leadership skills that result in in-
 14 creased student achievement.

15 “(3) SCHOLARSHIPS.—

16 “(A) IN GENERAL.—Awarding scholarships
 17 to help students pay the costs of tuition, room,
 18 board, and other expenses of completing a
 19 teacher preparation program.

20 “(B) SUPPORT SERVICES.—Providing sup-
 21 port services, if needed, to enable scholarship
 22 recipients to complete postsecondary education
 23 programs.

24 “(C) ASSISTANCE TO BECOME HIGHLY
 25 QUALIFIED TEACHERS.—Providing teachers

1 who are not highly qualified with the oppor-
2 tunity to take coursework or credentialing
3 courses in order to become highly qualified
4 teachers.

5 “(D) FOLLOWUP SERVICES.—Providing
6 followup services to former scholarship recipi-
7 ents during the recipients’ first 3 years of
8 teaching.

9 “(E) SERVICE REQUIREMENT.—The Sec-
10 retary or State, as appropriate, shall establish
11 such requirements as the Secretary or State, as
12 appropriate, finds necessary to ensure that re-
13 cipients of scholarships under this paragraph
14 who complete teacher education programs sub-
15 sequently teach in a high need local educational
16 agency, for a period of time equivalent to the
17 period for which the recipients receive scholar-
18 ship assistance, or repay the amount of the
19 scholarship. The Secretary or State, as appro-
20 priate, shall use any such repayments to carry
21 out additional activities under this section.

22 “(4) FINANCIAL INCENTIVES.—Providing finan-
23 cial incentives for teachers to teach in high need
24 schools in which there exists a shortage of highly
25 qualified teachers.

1 “(5) RECRUITING AND HIRING TEACHERS.—

2 “(A) IN GENERAL.—Establishing programs
3 that—

4 “(i) train and hire regular and special
5 education teachers (which may include hir-
6 ing special education teachers to team-
7 teach in classrooms that contain both chil-
8 dren with disabilities and nondisabled chil-
9 dren);

10 “(ii) train and hire highly qualified
11 teachers of special needs children, as well
12 as teaching specialists in core academic
13 subjects who will provide increased individ-
14 ualized instruction to students;

15 “(iii) recruit qualified professionals
16 from other fields, including highly qualified
17 paraprofessionals (as defined in section
18 2102 of the Elementary and Secondary
19 Education Act of 1965), and provide such
20 professionals with alternative routes to
21 teacher certification, including developing
22 and implementing hiring policies that en-
23 sure comprehensive recruitment efforts as
24 a way to expand the applicant pool, such
25 as through identifying teachers certified

1 through alternative routes, and using a
 2 system of intensive screening designed to
 3 hire the most qualified applicants; and

4 “(iv) provide increased opportunities
 5 for minorities, individuals with disabilities,
 6 and other individuals underrepresented in
 7 the teaching profession.

8 “(B) REDUCTION IN CLASS SIZE.—Re-
 9 cruiting and hiring highly qualified teachers to
 10 reduce class size, particularly in the early
 11 grades.

12 “(6) FACULTY OPPORTUNITY PROGRAMS.—
 13 Awarding competitive grants to institutions of high-
 14 er education to enable such institutions to fill edu-
 15 cation faculty vacancies in special education, early
 16 childhood education, and bilingual education, to cre-
 17 ate new faculty positions that are targeted toward
 18 training highly qualified special education, early
 19 childhood education, and bilingual education teach-
 20 ers, and to develop doctoral programs in special edu-
 21 cation, early childhood education, and bilingual edu-
 22 cation that will produce new faculty at institutions
 23 of higher education in such subject areas. Funds
 24 from such grants may be used to develop and carry
 25 out recruitment strategies, subsidize moving ex-

1 penses, provide bonuses, provide fully subsidized sal-
 2 aries for not more than 2 years per new faculty
 3 member, and provide partially subsidized salaries for
 4 not more than an additional 3 years per new faculty
 5 member. If an institution of higher education re-
 6 ceives a grant under this paragraph and uses the
 7 grant funds to provide faculty salaries, such institu-
 8 tion shall continue to fully fund such faculty posi-
 9 tions for not less than 5 years after the end of Fed-
 10 eral funding under the grant.

11 “(f) SPECIAL RULE.—No individual member of an
 12 eligible partnership shall retain more than 50 percent of
 13 the funds made available to the partnership under this sec-
 14 tion.

15 “(g) CONSTRUCTION.—Nothing in this section shall
 16 be construed to prohibit an eligible partnership from using
 17 grant funds to coordinate with the activities of more than
 18 1 Governor, State board of education, State educational
 19 agency, local educational agency, or State agency for high-
 20 er education.

21 **“SEC. 205. ADMINISTRATIVE PROVISIONS.**

22 “(a) DURATION; INCREASED ACCOUNTABILITY; PAY-
 23 MENTS.—

24 “(1) DURATION.—

1 “(A) ELIGIBLE STATES AND ELIGIBLE AP-
2 PLICANTS.—Grants awarded to eligible States
3 and eligible applicants under this part shall be
4 awarded for a period not to exceed 3 years.

5 “(B) ELIGIBLE PARTNERSHIPS.—Grants
6 awarded to eligible partnerships under this part
7 shall be awarded for a period of 5 years.

8 “(2) INCREASED ACCOUNTABILITY.—An eligible
9 State, eligible applicant, or eligible partnership that
10 receives more than 1 grant under this part has an
11 increased accountability to disseminate information
12 gained from such grants to States and local edu-
13 cational agencies.

14 “(3) PAYMENTS.—The Secretary shall make
15 annual payments of grant funds awarded under this
16 part.

17 “(b) PEER REVIEW.—

18 “(1) PANEL.—The Secretary shall provide the
19 applications submitted under this part to a peer re-
20 view panel for evaluation. With respect to each ap-
21 plication, the peer review panel shall initially rec-
22 ommend the application for funding or for dis-
23 approval.

1 “(2) PRIORITY.—In recommending applications
2 to the Secretary for funding under this part, the
3 panel shall—

4 “(A) with respect to grants under section
5 203, give priority to eligible States serving
6 States that—

7 “(i) have initiatives to reform State
8 teacher certification requirements that are
9 designed to ensure that current and future
10 teachers possess the necessary teaching
11 skills and academic content knowledge in
12 the subject areas in which the teachers are
13 certified or licensed to teach;

14 “(ii) include innovative reforms to
15 hold institutions of higher education with
16 teacher preparation programs accountable
17 for preparing teachers who are highly com-
18 petent in the academic content area in
19 which the teachers plan to teach and have
20 strong teaching skills; or

21 “(iii) involve the development of inno-
22 vative efforts aimed at reducing the short-
23 age of highly qualified teachers in high
24 poverty urban and rural areas, and in sub-
25 ject areas of high need (including bilingual

1 education, special education, mathematics,
 2 science, early childhood education, and vo-
 3 cational education); and

4 “(B) with respect to grants under section
 5 204—

6 “(i) give priority to applications from
 7 eligible partnerships that involve busi-
 8 nesses; and

9 “(ii) take into consideration—

10 “(I) providing an equitable geo-
 11 graphic distribution of the grants
 12 throughout the United States; and

13 “(II) the potential of the pro-
 14 posed activities for creating improve-
 15 ment and positive change.

16 “(3) SECRETARIAL SELECTION.—The Secretary
 17 shall determine, based on the peer review process,
 18 which application shall receive funding and the
 19 amounts of the grants. In determining grant
 20 amounts, the Secretary shall take into account the
 21 total amount of funds available for all grants under
 22 this part and the types of activities proposed to be
 23 carried out.

24 “(c) MATCHING REQUIREMENTS.—

1 “(1) STATE GRANTS.—Each eligible State re-
 2 ceiving a grant under section 203 shall provide, from
 3 non-Federal sources, an amount equal to 50 percent
 4 of the amount of the grant (in cash or in kind) to
 5 carry out the activities supported by the grant.

6 “(2) PARTNERSHIP GRANTS.—Each eligible
 7 partnership receiving a grant under section 204
 8 shall provide, from non-Federal sources (in cash or
 9 in kind), an amount equal to 25 percent of the grant
 10 for the first year of the grant, 35 percent of the
 11 grant for the second year of the grant, and 50 per-
 12 cent of the grant for each succeeding year of the
 13 grant.

14 “(d) LIMITATION ON ADMINISTRATIVE EXPENSES.—
 15 An eligible State or eligible partnership that receives a
 16 grant under this part may not use more than 2 percent
 17 of the grant funds for purposes of administering the grant.

18 **“SEC. 206. ACCOUNTABILITY AND EVALUATION.**

19 “(a) STATE GRANT ACCOUNTABILITY REPORT.—An
 20 eligible State that receives a grant under section 203 shall
 21 submit an annual accountability report to the Secretary.
 22 Such report shall include a description of the degree to
 23 which the eligible State, in using funds provided under
 24 such section, has made substantial progress in meeting the
 25 following goals:

1 “(1) STUDENT ACHIEVEMENT.—Increasing stu-
2 dent achievement for all students as defined by the
3 eligible State.

4 “(2) RAISING STANDARDS.—Raising the State
5 academic standards required to enter the teaching
6 profession, including, where appropriate, through the
7 use of incentives to incorporate the requirement of
8 an academic major in the subject, or related dis-
9 cipline, in which the teacher plans to teach.

10 “(3) INITIAL CERTIFICATION OR LICENSURE.—
11 Increasing success in the pass rate for initial State
12 teacher certification or licensure, and increasing the
13 numbers of highly qualified individuals being cer-
14 tified or licensed as teachers, including through al-
15 ternative routes.

16 “(4) HIGHLY QUALIFIED TEACHERS.—Ensuring
17 that all teachers teaching in core academic sub-
18 jects within the State are highly qualified not later
19 than the end of the 2005–2006 school year pursuant
20 to section 1119(a)(2) of the Elementary and Sec-
21 ondary Education Act of 1965 (20 U.S.C.
22 6319(a)(2)).

23 “(5) DECREASING TEACHER SHORTAGES.—De-
24 creasing shortages of qualified teachers in poor
25 urban and rural areas.

1 “(6) INCREASING OPPORTUNITIES FOR PROFES-
2 SIONAL DEVELOPMENT.—Increasing opportunities
3 for enhanced and ongoing professional development
4 that improves the academic content knowledge of
5 teachers in the subject areas in which the teachers
6 are certified or licensed to teach or in which the
7 teachers are working toward certification or licen-
8 sure to teach, and that promotes strong teaching
9 skills.

10 “(7) TECHNOLOGY INTEGRATION.—Increasing
11 the number of teachers prepared to integrate tech-
12 nology in the classroom.

13 “(b) ELIGIBLE PARTNERSHIP EVALUATION.—Each
14 eligible partnership receiving a grant under section 204
15 shall establish and include in the application submitted
16 under section 204(c), an evaluation plan that includes
17 strong performance objectives. The plan shall include ob-
18 jectives and measures for—

19 “(1) increased student achievement for all stu-
20 dents as measured by the partnership;

21 “(2) increased teacher retention in the first 3
22 years of a teacher’s career;

23 “(3) increased success in the pass rate for ini-
24 tial State certification or licensure of teachers;

1 “(4) increased percentage of secondary school
2 classes in core academic subject areas taught by
3 highly qualified teachers;

4 “(5) increasing the number of teachers trained
5 in technology; and

6 “(6) increasing the number of teachers pre-
7 pared to work effectively with parents.

8 “(c) REVOCATION OF GRANT.—

9 “(1) REPORT.—Each eligible State or eligible
10 partnership receiving a grant under this part shall
11 report annually on the progress of the eligible State
12 or eligible partnership toward meeting the purposes
13 of this part and the goals, objectives, and measures
14 described in subsections (a) and (b).

15 “(2) REVOCATION.—

16 “(A) ELIGIBLE STATES AND ELIGIBLE AP-
17 PLICANTS.—If the Secretary determines that an
18 eligible State or eligible applicant is not making
19 substantial progress in meeting the purposes,
20 goals, objectives, and measures, as appropriate,
21 by the end of the second year of a grant under
22 this part, then the grant payment shall not be
23 made for the third year of the grant.

24 “(B) ELIGIBLE PARTNERSHIPS.—If the
25 Secretary determines that an eligible partner-

1 ship is not making substantial progress in
 2 meeting the purposes, goals, objectives, and
 3 measures, as appropriate, by the end of the
 4 third year of a grant under this part, then the
 5 grant payments shall not be made for any suc-
 6 ceeding year of the grant.

7 “(d) EVALUATION AND DISSEMINATION.—The Sec-
 8 retary shall evaluate the activities funded under this part
 9 and report the Secretary’s findings regarding the activities
 10 to the Committee on Health, Education, Labor, and Pen-
 11 sions of the Senate and the Committee on Education and
 12 the Workforce of the House of Representatives. The Sec-
 13 retary shall broadly disseminate successful practices devel-
 14 oped by eligible States and eligible partnerships under this
 15 part, and shall broadly disseminate information regarding
 16 such practices that were found to be ineffective.

17 **“SEC. 207. ACCOUNTABILITY FOR PROGRAMS THAT PRE-**
 18 **PARE TEACHERS.**

19 “(a) DEVELOPMENT OF DEFINITIONS AND REPORT-
 20 ING METHODS; HIGH-QUALITY TEACHER PREPARATION
 21 PROGRAM.—

22 “(1) IN GENERAL.—Within 9 months of the
 23 date of enactment of the Higher Education Amend-
 24 ments of 1998, the Commissioner of the National
 25 Center for Education Statistics, in consultation with

1 States and institutions of higher education, shall de-
 2 velop key definitions for terms, and uniform report-
 3 ing methods (including the key definitions for the
 4 consistent reporting of pass rates and program
 5 completers), related to the performance of elemen-
 6 tary school and secondary school teacher preparation
 7 programs.

8 “(2) HIGH-QUALITY TEACHER PREPARATION
 9 PROGRAM.—Each applicant for a grant under this
 10 part shall provide assurances in such applicant’s ap-
 11 plication that the applicant will meet the following
 12 criteria:

13 “(A) Provide each teacher with each of the
 14 following skills and supports:

15 “(i) A deep knowledge of the subjects
 16 such teacher teaches.

17 “(ii) A firm understanding of how
 18 students learn.

19 “(iii) Teaching skills necessary to help
 20 all students achieve high standards, includ-
 21 ing children with disabilities and limited
 22 English proficient students.

23 “(iv) How to create a positive learning
 24 environment.

1 “(v) The ability to integrate chal-
2 lenging State academic content standards
3 and challenging student academic achieve-
4 ment standards, and accountability into
5 classroom teaching.

6 “(vi) The ability to use a variety of
7 assessment strategies to diagnose and re-
8 spond to individual learning needs.

9 “(vii) The ability to integrate modern
10 technology into curricula to support stu-
11 dent learning.

12 “(viii) Classroom management skills.

13 “(ix) Opportunities to collaborate with
14 the teacher’s colleagues, with parents, com-
15 munity members, and other educators.

16 “(x) The ability to work in partner-
17 ship with parents and involve parents in
18 their children’s education.

19 “(xi) How to reflect on practices in
20 order to improve teaching and student
21 learning.

22 “(B) Ensure that each preservice teacher
23 has the necessary skills to succeed in the class-
24 room, including providing—

1 “(i) some training in reading, address-
2 ing the needs of children with disabilities
3 and limited English proficient students,
4 data analysis, and how to use student
5 achievement data to improve instruction;
6 and

7 “(ii) optional training in teaching ad-
8 vanced placement courses.

9 “(b) STATE REPORT CARD ON THE QUALITY OF
10 TEACHER PREPARATION.—Each State that receives funds
11 under this Act shall provide to the Secretary, within 2
12 years of the date of enactment of the Higher Education
13 Amendments of 1998, and annually thereafter, in a uni-
14 form and comprehensible manner that conforms with the
15 definitions and methods established in subsection (a), a
16 State report card on the quality of teacher preparation
17 in the State, which shall include at least the following:

18 “(1) A description of the teacher certification
19 and licensure assessments, and any other certifi-
20 cation and licensure requirements, used by the
21 State.

22 “(2) The standards and criteria that prospec-
23 tive teachers must meet in order to attain initial
24 teacher certification or licensure and to be certified

1 or licensed to teach particular subjects or in par-
2 ticular grades within the State.

3 “(3) A description of the extent to which the
4 assessments and requirements described in para-
5 graph (1) are aligned with the State’s standards and
6 assessments for students.

7 “(4) The percentage of teaching candidates who
8 passed each of the assessments used by the State for
9 teacher certification and licensure, and the passing
10 score on each assessment that determines whether a
11 candidate has passed that assessment.

12 “(5) The percentage of teaching candidates who
13 passed each of the assessments used by the State for
14 teacher certification and licensure, disaggregated
15 and ranked, by the teacher preparation program in
16 that State from which the teacher candidate received
17 the candidate’s most recent degree, which shall be
18 made available widely and publicly.

19 “(6) Information on the extent to which teach-
20 ers in the State are given waivers of State certifi-
21 cation or licensure requirements, including the pro-
22 portion of such teachers distributed across high- and
23 low-poverty school districts and across subject areas.

24 “(7) A description of each State’s alternative
25 routes to teacher certification, if any, and the per-

centage of teachers certified through alternative certification routes who pass State teacher certification or licensure assessments.

“(8) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs within institutions of higher education in the State, including indicators of teacher candidate knowledge and skills.

“(9) Information on the extent to which teachers or prospective teachers in each State are required to take examinations or other assessments of their subject matter knowledge in the area or areas in which the teachers provide instruction, the standards established for passing any such assessments, and the extent to which teachers or prospective teachers are required to receive a passing score on such assessments in order to teach in specific subject areas or grade levels.

“(c) INITIAL REPORT.—

“(1) IN GENERAL.—Each State that receives funds under this Act, not later than 6 months after the date of enactment of the College Quality, Affordability, and Diversity Improvement Act of 2003 and in a uniform and comprehensible manner, shall submit to the Secretary the information described in

1 paragraphs (1), (5), and (6) of subsection (b). Such
 2 information shall be compiled by the Secretary and
 3 submitted to the Committee on Health, Education,
 4 Labor, and Pensions of the Senate and the Com-
 5 mittee on Education and the Workforce of the
 6 House of Representatives not later than 9 months
 7 after the date of enactment of the College Quality,
 8 Affordability, and Diversity Improvement Act of
 9 2003.

10 “(2) CONSTRUCTION.—Nothing in this sub-
 11 section shall be construed to require a State to gath-
 12 er information that is not in the possession of the
 13 State or the teacher preparation programs in the
 14 State, or readily available to the State or teacher
 15 preparation programs.

16 “(d) REPORT OF THE SECRETARY ON THE QUALITY
 17 OF TEACHER PREPARATION.—

18 “(1) REPORT CARD.—The Secretary shall pro-
 19 vide to Congress, and publish and make widely avail-
 20 able, a report card on teacher qualifications and
 21 preparation in the United States, including all the
 22 information reported in paragraphs (1) through (9)
 23 of subsection (b). Such report shall identify States
 24 for which eligible States and eligible partnerships re-
 25 ceived a grant under this part. Such report shall be

1 so provided, published and made available not later
2 than 2 years 6 months after the date of enactment
3 of the Higher Education Amendments of 1998 and
4 annually thereafter.

5 “(2) REPORT TO CONGRESS.—The Secretary
6 shall report to Congress—

7 “(A) a comparison of States’ efforts to im-
8 prove teaching quality; and

9 “(B) regarding the national mean and me-
10 dian scores on any standardized test that is
11 used in more than 1 State for teacher certifi-
12 cation or licensure.

13 “(3) SPECIAL RULE.—In the case of teacher
14 preparation programs with fewer than 10 graduates
15 taking any single initial teacher certification or li-
16 censure assessment during an academic year, the
17 Secretary shall collect and publish information with
18 respect to an average pass rate on State certification
19 or licensure assessments taken over a 3-year period.

20 “(4) DATABASE.—The Secretary shall collect
21 data and develop a national and public database that
22 provides reports on States’ passage rates on certifi-
23 cation and licensure assessments, the placement
24 rates for teacher preparation programs, the percent-
25 age of full-time faculty in institutions of higher edu-

1 cation in each State who teach classes offered by a
 2 school of education, the tracking of graduates 3
 3 years after graduating from a teacher preparation
 4 program, and other relevant information, as appro-
 5 priate.

6 “(e) COORDINATION.—The Secretary, to the extent
 7 practicable, shall coordinate the information collected and
 8 published under this part among States for individuals
 9 who took State teacher certification or licensure assess-
 10 ments in a State other than the State in which the indi-
 11 vidual received the individual’s most recent degree.

12 “(f) INSTITUTIONAL REPORT CARDS ON THE QUAL-
 13 ITY OF TEACHER PREPARATION.—

14 “(1) REPORT CARD.—Each institution of higher
 15 education that conducts a teacher preparation pro-
 16 gram that enrolls students receiving Federal assist-
 17 ance under this Act, not later than 18 months after
 18 the date of enactment of the Higher Education
 19 Amendments of 1998 and annually thereafter, shall
 20 report to the State and the general public, in a uni-
 21 form and comprehensible manner that conforms with
 22 the definitions and methods established under sub-
 23 section (a), the following information:

24 “(A) PASS RATE.—(i) For the most recent
 25 year for which the information is available, the

1 pass rate of the institution's graduates on the
2 teacher certification or licensure assessments of
3 the State in which the institution is located, but
4 only for those students who took those assess-
5 ments within 3 years of completing the pro-
6 gram.

7 “(ii) A comparison of the program's pass
8 rate with the average pass rate for programs in
9 the State.

10 “(iii) In the case of teacher preparation
11 programs with fewer than 10 graduates taking
12 any single initial teacher certification or licen-
13 sure assessment during an academic year, the
14 institution shall collect and publish information
15 with respect to an average pass rate on State
16 certification or licensure assessments taken over
17 a 3-year period.

18 “(B) PROGRAM INFORMATION.—The num-
19 ber of students in the program, the average
20 number of hours of supervised practice teaching
21 required for those in the program, and the fac-
22 ulty-student ratio in supervised practice teach-
23 ing.

24 “(C) STATEMENT.—In States that approve
25 or accredit teacher education programs, a state-

1 ment of whether the institution’s program is so
2 approved or accredited.

3 “(D) DESIGNATION AS LOW-PER-
4 FORMING.—Whether the program has been des-
5 ignated as low-performing by the State under
6 section 208(a).

7 “(E) PERCENTAGE OF FACULTY IN
8 SCHOOL OF EDUCATION.—The percentage of
9 full-time faculty at the institution of higher
10 education who teach classes offered by the
11 school of education.

12 “(2) REQUIREMENT.—The information de-
13 scribed in paragraph (1) shall be reported through
14 publications such as school catalogs and promotional
15 materials sent to potential applicants, secondary
16 school guidance counselors, and prospective employ-
17 ers of the institution’s program graduates.

18 “(3) FINES.—In addition to the actions author-
19 ized in section 487(c), the Secretary may impose a
20 fine not to exceed \$25,000 on an institution of high-
21 er education for failure to provide the information
22 described in this subsection in a timely or accurate
23 manner.

24 “(g) NATIONAL ACADEMY OF SCIENCES CORE CUR-
25 RICULUM STUDY.—

1 “(1) IN GENERAL.—The Secretary shall enter
 2 into a contract with the National Academy of
 3 Sciences to conduct a 2-year study to develop a sug-
 4 gested core curriculum in pedagogy for schools of
 5 education for such schools’ teacher education pro-
 6 gram that assists those within the education profes-
 7 sion and prospective teachers to understand what
 8 prospective teachers need to know to become effec-
 9 tive teachers.

10 “(2) DOMAINS OF FOUNDATIONAL AND PEDA-
 11 GOGICAL KNOWLEDGE.—The study under paragraph
 12 (1) shall include each of the following domains of
 13 foundational and pedagogical knowledge:

14 “(A) Learning, which would include build-
 15 ing on existing knowledge and experience
 16 shaped by social and cultural context in the
 17 community and in the classroom.

18 “(B) Human development, which would in-
 19 clude how children and adolescents think and
 20 behave, taking in account different ages, con-
 21 texts, and learning styles.

22 “(C) Assessment, which would include the
 23 introduction of standards-based reform.

24 “(D) Teaching strategies, which would in-
 25 clude providing all teachers with the tools need-

ed to be successful in the classroom, especially with students who have specific learning disabilities or needs such as language acquisition.

“(E) Reading instruction, which would include taking in account different ages, contexts, and learning styles.

“(3) BEST RESEARCH; SUGGESTED TRAINING.—The suggested core curriculum developed under paragraph (1) shall reflect the best research into how students learn and on the content-specific methods shown to be effective with students, including examining how children learn. The suggested core curriculum shall include suggested training in working with diverse populations, assessments in the classroom, and classroom management.

“(4) COLLABORATION.—

“(A) IN GENERAL.—In conducting the study under paragraph (1), the National Academy of Sciences shall collaborate with interested parties in developing the suggested core curriculum.

“(B) INTERESTED PARTIES.—In this paragraph, the term ‘interested parties’ means—

“(i) college presidents;

1 “(ii) deans of teacher education pro-
2 grams;
3 “(iii) teacher preparation faculty;
4 “(iv) chief State school officers;
5 “(v) school superintendents;
6 “(vi) teacher organizations;
7 “(vii) outstanding teachers; and
8 “(viii) teacher preparation accrediting
9 organizations.

10 **“SEC. 208. STATE FUNCTIONS.**

11 “(a) STATE ASSESSMENT.—In order to receive funds
12 under this Act, a State, not later than 2 years after the
13 date of enactment of the Higher Education Amendments
14 of 1998, shall have in place a procedure to identify, and
15 assist, through the provision of technical assistance, low-
16 performing programs of teacher preparation within insti-
17 tutions of higher education. Such State shall provide the
18 Secretary an annual list of such low-performing institu-
19 tions that includes an identification of those institutions
20 at risk of being placed on such list. Such levels of perform-
21 ance shall be determined solely by the State and may in-
22 clude criteria based upon information collected pursuant
23 to this part. Such assessment shall be described in the
24 report under section 207(b).

1 “(b) TERMINATION OF ELIGIBILITY.—Any institu-
2 tion of higher education that offers a program of teacher
3 preparation in which the State has withdrawn the State’s
4 approval or terminated the State’s financial support due
5 to the low performance of the institution’s teacher prepa-
6 ration program based upon the State assessment described
7 in subsection (a)—

8 “(1) shall be ineligible for any funding for pro-
9 fessional development activities awarded by the De-
10 partment of Education;

11 “(2) shall not be permitted to accept or enroll
12 any student that receives aid under title IV of this
13 Act in the institution’s teacher preparation program;
14 and

15 “(3) shall provide transitional support, includ-
16 ing remedial services if necessary, for students en-
17 rolled at the institution at the time of termination
18 of financial support or withdrawal of approval.

19 “(c) NEGOTIATED RULEMAKING.—If the Secretary
20 develops any regulations implementing subsection (b)(2),
21 the Secretary shall submit such proposed regulations to
22 a negotiated rulemaking process, which shall include rep-
23 resentatives of States, institutions of higher education,
24 and educational and student organizations.

1 **“SEC. 209. GENERAL PROVISIONS.**

2 “(a) METHODS.—In complying with sections 207 and
3 208, the Secretary shall ensure that States and institu-
4 tions of higher education use fair and equitable methods
5 in reporting and that the reporting methods protect the
6 privacy of individuals.

7 “(b) SPECIAL RULE.—For each State in which there
8 are no State certification or licensure assessments, or for
9 States that do not set minimum performance levels on
10 those assessments—

11 “(1) the Secretary shall, to the extent prac-
12 ticable, collect data comparable to the data required
13 under this part from States, local educational agen-
14 cies, institutions of higher education, or other enti-
15 ties that administer such assessments to teachers or
16 prospective teachers; and

17 “(2) notwithstanding any other provision of this
18 part, the Secretary shall use such data to carry out
19 the requirements of this part related to assessments
20 or pass rates.

21 “(c) LIMITATIONS.—

22 “(1) FEDERAL CONTROL PROHIBITED.—Noth-
23 ing in this part shall be construed to permit, allow,
24 encourage, or authorize any Federal control over any
25 aspect of any private, religious, or home school,
26 whether or not a home school is treated as a private

1 school or home school under State law. This section
2 shall not be construed to prohibit private, religious,
3 or home schools from participation in programs or
4 services under this part.

5 “(2) NO CHANGE IN STATE CONTROL ENCOUR-
6 AGED OR REQUIRED.—Nothing in this part shall be
7 construed to encourage or require any change in a
8 State’s treatment of any private, religious, or home
9 school, whether or not a home school is treated as
10 a private school or home school under State law.

11 “(3) NATIONAL SYSTEM OF TEACHER CERTIFI-
12 CATION PROHIBITED.—Nothing in this part shall be
13 construed to permit, allow, encourage, or authorize
14 the Secretary to establish or support any national
15 system of teacher certification.

16 **“SEC. 210. AUTHORIZATION OF APPROPRIATIONS.**

17 “There are authorized to be appropriated to carry out
18 this part \$300,000,000 for fiscal year 2004 and such sums
19 as may be necessary for each of the 5 succeeding fiscal
20 years.

1 **“PART B—INNOVATIVE STRATEGIES TO RECRUIT,**
2 **TRAIN, AND RETAIN HIGH QUALITY TEACH-**
3 **ERS AND PRINCIPALS**

4 **“SEC. 215. INCENTIVES TO RECRUIT AND RETAIN HIGH**
5 **QUALITY TEACHERS AND ADMINISTRATORS.**

6 “(a) MENTORING PROGRAM.—

7 “(1) AUTHORIZATION.—

8 “(A) IN GENERAL.—The Secretary shall
9 award grants, on a competitive basis, to eligible
10 partnerships to enable the eligible partnerships
11 to develop mentoring programs that help train
12 and retain new teachers and provide profes-
13 sional routes for experienced teachers.

14 “(B) PRIORITY.—In awarding grants
15 under this subsection, the Secretary shall give
16 priority to eligible partnerships that consist of
17 a high need local educational agency with—

18 “(i) high rates of teacher turnover;
19 and

20 “(ii) shortages of teachers in subject
21 areas of high need (including bilingual edu-
22 cation, special education, mathematics,
23 science, vocational education, and early
24 childhood education) and teachers in rural
25 areas.

1 “(2) ELIGIBLE PARTNERSHIP.—In this sub-
 2 section, the term ‘eligible partnership’ means a part-
 3 nership among an institution of higher education, a
 4 high need local educational agency, and a nonprofit
 5 entity (including teacher organizations) that has an
 6 established record of providing effective teacher
 7 training.

8 “(3) APPLICATION.—An eligible partnership
 9 that desires a grant under this subsection shall sub-
 10 mit an application to the Secretary at such time, in
 11 such manner, and containing such information as
 12 the Secretary may require.

13 “(4) USE OF FUNDS.—

14 “(A) MANDATORY USES.—An eligible part-
 15 nership that receives a grant under this sub-
 16 section shall develop a mentoring program that
 17 is not less than 1 year in duration and does
 18 each of the following:

19 “(i) Provides—

20 “(I) training for experienced
 21 teachers to become mentors;

22 “(II) training from trained men-
 23 tors to teach teachers in schools
 24 served by high need local educational
 25 agencies;

1 “(III) stipends to mentors; and

2 “(IV) release time or a reduced
3 class load for mentors and the teach-
4 ers being mentored, or both.

5 “(ii) Outlines specific criteria for who
6 can serve as mentors, coaches, and team
7 leaders.

8 “(iii) Requires mentors to—

9 “(I) be fully licensed;

10 “(II) be permanent (nonproba-
11 tionary) classroom teachers;

12 “(III) have completed not less
13 than 3 years of teaching;

14 “(IV) demonstrate mastery of
15 pedagogy and the subject matter such
16 mentor teaches;

17 “(V) have superior teaching and
18 interpersonal skills;

19 “(VI) have the ability to inte-
20 grate challenging State academic con-
21 tent standards and challenging stu-
22 dent academic achievement standards
23 and accountability into classroom
24 teaching;

1 “(VII) use a variety of assess-
 2 ment strategies to respond to indi-
 3 vidual learning needs; and

4 “(VIII) reflect on their teaching
 5 practices in order to improve teaching
 6 and student learning.

7 “(iv) Endeavors to match mentors
 8 and the teachers being mentored by geo-
 9 graphic proximity or by the same grade
 10 level and subject matter area of teaching,
 11 or both.

12 “(v) Ensures that teachers who have
 13 been mentored will work in schools served
 14 by high need local educational agencies for
 15 a specified period of time.

16 “(vi) Provides a plan to evaluate the
 17 mentoring program.

18 “(B) PERMISSIBLE USES.—An eligible
 19 partnership that receives a grant under this
 20 subsection may use the grant funds to provide
 21 academic credit toward an advanced degree for
 22 mentors and the teachers being mentored.

23 “(5) DURATION OF GRANTS.—Grants awarded
 24 under this subsection shall be for 3 years in dura-
 25 tion.

1 “(6) EVALUATION.—

2 “(A) IN GENERAL.—Not later than the
3 last day of the grant award, an eligible partner-
4 ship that receives a grant under this subsection
5 shall submit an accountability report to the
6 Secretary.

7 “(B) CONTENT.—The accountability re-
8 port under subparagraph (A) shall include, at a
9 minimum—

10 “(i) teacher retention rates for teach-
11 ers participating in the mentoring program
12 as compared with teachers in the high need
13 local educational agency not participating
14 in the mentoring program;

15 “(ii) results of evaluations on mentor
16 and teachers being mentored satisfaction
17 with the mentoring program; and

18 “(iii) results of the plan developed by
19 the eligible partnership to evaluate the
20 mentoring program.

21 “(7) AUTHORIZATION OF APPROPRIATIONS.—

22 There are authorized to be appropriated to carry out
23 this subsection \$50,000,000 for fiscal year 2004 and
24 such sums as may be necessary for each of the 5
25 succeeding fiscal years.

1 “(b) HOUSING INCENTIVES PROGRAM.—

2 “(1) GRANT PROGRAM AUTHORIZED.—The Sec-
3 retary shall award grants, on a competitive basis, to
4 eligible partnerships to enable the eligible partner-
5 ships to develop a housing incentive program that
6 assists teachers who teach in schools served by high
7 need local educational agencies to afford housing.

8 “(2) ELIGIBLE PARTNERSHIP.—In this sub-
9 section:

10 “(A) IN GENERAL.—The term ‘eligible
11 partnership’ means a partnership between—

12 “(i)(I) a high need local educational
13 agency; or

14 “(II) a State educational agency; and

15 “(ii) an institution of higher edu-
16 cation.

17 “(B) OTHER ENTITIES.—The term ‘eligible
18 partnership’ may include other public entities or
19 private entities.

20 “(3) APPLICATION.—An eligible partnership
21 that desires a grant under this subsection shall sub-
22 mit an application to the Secretary at such time, in
23 such manner, and containing such information as
24 the Secretary may require.

1 “(4) USE OF FUNDS.—An eligible partnership
2 that receives a grant under this subsection shall use
3 the grant funds to develop a housing incentive pro-
4 gram that—

5 “(A) provides financial incentives to teach-
6 ers who teach in schools served by high need
7 local educational agencies by providing for such
8 teachers funds for—

9 “(i) a downpayment on a home;

10 “(ii) closing costs associated with pur-
11 chasing a home; or

12 “(iii) moving expenses; or

13 “(B) develops a partnership with a lender
14 to create a home loan program for teachers who
15 teach in schools served by high need local edu-
16 cational agencies that provides home loans to
17 such teachers that—

18 “(i) are insured by the eligible part-
19 nership; or

20 “(ii) require minimal or no downpay-
21 ment.

22 “(5) SERVICE REQUIREMENT.—A teacher that
23 receives assistance under this subsection shall—

1 “(A) teach in a school served by a high
2 need local educational agency for not less than
3 5 subsequent school years; or

4 “(B) repay the amount of assistance.

5 “(6) EVALUATION.—

6 “(A) IN GENERAL.—An eligible partner-
7 ship that receives a grant under this subsection
8 shall develop an evaluation of the partnership’s
9 housing incentive program that includes, at a
10 minimum—

11 “(i) how many teachers received as-
12 sistance under the program and retention
13 rates in schools served by high need local
14 educational agencies for such teachers;

15 “(ii) whether the program helped im-
16 prove teacher shortages;

17 “(iii) a description of the specific in-
18 active model that was used to develop the
19 housing incentive program;

20 “(iv) if applicable, how partnerships
21 with lenders worked; and

22 “(v) successful practices.

23 “(B) SUBMISSION OF EVALUATION.—Not
24 later than the last day of the grant award, the
25 eligible partnership shall submit to the Sec-

1 retary the evaluation developed under subpara-
2 graph (A).

3 “(7) TAX EXEMPTION.—The amount of any fi-
4 nancial assistance received by a teacher under a
5 housing incentive program developed pursuant to
6 this subsection shall not be considered income for
7 purposes of the Internal Revenue Code of 1986.

8 “(8) AUTHORIZATION OF APPROPRIATIONS.—
9 There are authorized to be appropriated to carry out
10 this subsection \$50,000,000 for fiscal year 2004 and
11 such sums as may be necessary for each of the 5
12 succeeding fiscal years.

13 “(c) COMMUNITY COLLEGE AS A PARTNER.—

14 “(1) GRANT PROGRAM AUTHORIZED.—The Sec-
15 retary shall award grants, on a competitive basis, to
16 eligible partnerships to enable the eligible partner-
17 ships to strengthen teacher preparation programs.

18 “(2) ELIGIBLE PARTNERSHIP.—In this sub-
19 section, the term ‘eligible partnership’ means a part-
20 nership between—

21 “(A) a community college; and

22 “(B) a 4-year institution of higher edu-
23 cation that has a teacher preparation program.

24 “(3) APPLICATION.—An eligible partnership
25 that desires a grant under this subsection shall sub-

mit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(4) USE OF FUNDS.—

“(A) MANDATORY USES.—An eligible partnership that receives a grant under this subsection shall do both of the following:

“(i) COMMUNITY COLLEGE ACTIVITIES.—The community college of the eligible partnership shall develop and strengthen the core curriculum centered on a liberal arts education at such college that adequately prepares students to enter the teacher preparation program at the 4-year institution of higher education of the eligible partnership.

“(ii) 4-YEAR INSTITUTION OF HIGHER EDUCATION ACTIVITIES.—

“(I) IN GENERAL.—The 4-year institution of higher education of the eligible partnership shall provide intensive support services for students that enter the teacher preparation program from the community college of the eligible partnership.

1 “(II) SUPPORT SERVICES.—The
2 support services shall be offered prior
3 to and during such student’s tenure
4 at the 4-year institution of higher
5 education and shall include mentoring,
6 and academic and career support.

7 “(III) POINT PERSON.—The 4-
8 year institution of higher education
9 shall provide a point person within the
10 teacher preparation program whose
11 sole job is to provide support services
12 to the students described in subclause
13 (I).

14 “(B) PERMISSIVE USES.—An eligible part-
15 nership that receives a grant under this sub-
16 section may use the grant funds to provide
17 compensation to staff in the teacher prepara-
18 tion programs at the community college and 4-
19 year institution of higher education.

20 “(5) DURATION OF GRANTS.—Grants awarded
21 under this subsection shall be for 5 years in dura-
22 tion.

23 “(6) EVALUATION.—

24 “(A) IN GENERAL.—An eligible partner-
25 ship that receives a grant under this subsection

1 shall develop an evaluation of the partnerships's
2 activities under this subsection that—

3 “(i) includes the number of student
4 teachers served and the retention rate in
5 the 4-year institution of higher education
6 of such student teachers;

7 “(ii) addresses the qualification of
8 such student teachers when graduating
9 from the 4-year institution of higher edu-
10 cation, including whether such student
11 teachers found teaching positions and
12 whether they passed State certification ex-
13 aminations; and

14 “(iii) includes successful practices.

15 “(B) SUBMISSION OF EVALUATION.—Not
16 later than the last day of the grant award, the
17 eligible partnership shall submit to the Sec-
18 retary the evaluation developed under subpara-
19 graph (A).

20 “(7) AUTHORIZATION OF APPROPRIATIONS.—

21 There are authorized to be appropriated to carry out
22 this subsection \$25,000,000 for fiscal year 2004 and
23 such sums as may be necessary for each of the 5
24 succeeding fiscal years.

25 “(d) PARAPROFESSIONALS TO TEACHERS.—

1 “(1) GRANT PROGRAM AUTHORIZED.—The Sec-
2 retary shall award grants, on a competitive basis, to
3 eligible partnerships to enable the eligible partner-
4 ships to develop a Paraprofessionals to Teachers
5 Program (in this subsection referred to as the ‘Pro-
6 gram’) to assist paraprofessionals employed by high
7 need local educational agencies to become teachers.

8 “(2) ELIGIBLE PARTNERSHIP.—In this sub-
9 section, the term ‘eligible partnership’ means a part-
10 nership among an institution of higher education, a
11 high need local educational agency, and other enti-
12 ties that may include businesses, community col-
13 leges, and teacher organizations.

14 “(3) APPLICATION.—An eligible partnership
15 that desires a grant under this subsection shall sub-
16 mit an application to the Secretary at such time, in
17 such manner, and containing such information as
18 the Secretary may require.

19 “(4) USE OF FUNDS.—

20 “(A) IN GENERAL.—An eligible partner-
21 ship that receives a grant under this subsection
22 shall develop a Program to assist paraprofes-
23 sionals employed by the high need local edu-
24 cational agency of the eligible partnership to be-
25 come teachers by—

1 “(i) developing a teacher preparation
2 program at the institution of higher edu-
3 cation of the eligible partnership for para-
4 professionals that allows for part-time
5 study and flexible student teaching and
6 coursework schedules;

7 “(ii) ensuring that paraprofessionals
8 enrolled in the teacher preparation pro-
9 gram under clause (i) retain such para-
10 professionals’ benefit packages with the
11 high need local educational agency while
12 enrolled in the teacher preparation pro-
13 gram;

14 “(iii) providing support services for
15 such paraprofessionals that include tutor-
16 ing to meet teacher preparation program
17 requirements, child care, career counseling,
18 and financial aid guidance; and

19 “(iv) providing mentoring for such
20 paraprofessionals during their first 3 years
21 of teaching.

22 “(B) PERMISSIBLE USE OF FUNDS.—An
23 eligible partnership that receives a grant under
24 this subsection may use the grant funds for—

1 “(i) tuition expenses of paraprofes-
 2 sionals in the teacher preparation program;

3 “(ii) child care expenses of para-
 4 professionals;

5 “(iii) release time for paraprofes-
 6 sionals;

7 “(iv) compensation for mentors;

8 “(v) support services for paraprofes-
 9 sionals;

10 “(vi) salaries of staff at the institution
 11 of higher education and the high need local
 12 educational agency of the eligible partner-
 13 ship; and

14 “(vii) stipends for paraprofessionals.

15 “(5) ACTIVITIES OF THE HIGH NEED LOCAL
 16 EDUCATIONAL AGENCY.—The high need local edu-
 17 cational agency of the eligible partnership shall—

18 “(A) make efforts to recruit paraprofes-
 19 sionals employed by such agency to participate
 20 in the Program;

21 “(B) arrange for administrative leave for
 22 paraprofessionals employed by such agency who
 23 participate in the Program; and

24 “(C) guarantee a provisional teaching posi-
 25 tion to paraprofessionals employed by such

1 agency who participate in the Program upon
2 completion of the Program.

3 “(6) DURATION OF GRANTS.—Grants awarded
4 under this subsection shall be for 3 years in dura-
5 tion.

6 “(7) AUTHORIZATION OF APPROPRIATIONS.—
7 There are authorized to be appropriated to carry out
8 this subsection \$50,000,000 for fiscal year 2004 and
9 such sums as may be necessary for each of the 5
10 succeeding fiscal years.

11 “(e) SCHOOL LEADERSHIP DEVELOPMENT PROGRAM
12 FOR PRINCIPALS, ASSISTANT PRINCIPALS, AND SUPER-
13 INTENDENTS.—

14 “(1) GRANT PROGRAM AUTHORIZED.—The Sec-
15 retary shall award grants, on a competitive basis, to
16 eligible partnerships to enable the eligible partner-
17 ships to provide practical training to principals, as-
18 sistant principals, and school superintendents that
19 focuses on developing and enhancing the skills nec-
20 essary to serve as instructional leaders of schools
21 and school systems.

22 “(2) ELIGIBLE PARTNERSHIP.—In this sub-
23 section, the term ‘eligible partnership’—

24 “(A) means a partnership between—

1 “(i) an institution of higher education;
2 and

3 “(ii) 1 or more high need local edu-
4 cational agencies; and

5 “(B) may include a school principal profes-
6 sional organization.

7 “(3) APPLICATION.—An eligible partnership
8 that desires a grant under this subsection shall sub-
9 mit an application to the Secretary at such time, in
10 such manner, and containing such information as
11 the Secretary may require.

12 “(4) USE OF FUNDS.—

13 “(A) IN GENERAL.—An eligible partner-
14 ship that receives a grant under this subsection
15 shall establish a certificate program for prin-
16 cipals, assistant principals, and school super-
17 intendents that is developed by education ex-
18 perts and practitioners and that provides train-
19 ing in—

20 “(i) diagnostic leadership skills assess-
21 ment;

22 “(ii) the development of knowledge
23 and skills that contribute to the effective
24 practice of instructional leadership behav-
25 iors;

“(iii) research methodology for educational leaders that includes understanding of systematic and empirical research methods, application of rigorous data analyses, collections of reliable and valid data, knowledge of appropriate research designs, and the importance of peer review and other external scrutiny, and its application to the practice of school leadership; and

“(iv) the development of knowledge and skills to develop and align curriculum, assessments, and instruction with standards, legislation, and regulations.

“(B) PERMISSIBLE USE OF FUNDS.—An eligible partnership that receives a grant under this subsection may use the grant funds—

“(i) to provide training in developing and enhancing the skills necessary to effectively run schools for individuals who are about to become principals, assistant principals, or school superintendents;

“(ii) for a pre-induction year internship or apprenticeship with a successful practitioner to help train individuals who

1 are about to become principals, assistant
2 principals, or school superintendents, and,
3 during an induction year, to support and
4 develop the capacity of new principals, as-
5 sistant principals, and school superintend-
6 ents as instructional leaders; and

7 “(iii) to provide mentoring and peer
8 coaching services for principals, assistant
9 principals, and school superintendents to
10 enable exemplary principals, assistant prin-
11 cipals, and school superintendents to serve
12 as mentors and role models.

13 “(5) TECHNOLOGY.—In carrying out activities
14 under this subsection, an eligible partnership shall
15 use, to the extent practicable, technology as an out-
16 reach mechanism to expand opportunities for profes-
17 sional development and ongoing support services for
18 principals, assistant principals, and school super-
19 intendents.

20 “(6) REPORT.—An eligible partnership that re-
21 ceives a grant under this subsection shall submit to
22 the Secretary an evaluation detailing the use of
23 grant funds under this subsection and the progress
24 in meeting the goals of the eligible partnership.

1 “(7) DURATION OF GRANTS.—Grants awarded
2 under this subsection shall be for 3 years in dura-
3 tion.

4 “(8) AUTHORIZATION OF APPROPRIATIONS.—
5 There are authorized to be appropriated to carry out
6 this subsection \$25,000,000 for fiscal year 2004 and
7 such sums as may be necessary for each of the 5
8 succeeding fiscal years.

9 **“PART C—PREPARING TOMORROW’S TEACHERS**
10 **TO USE TECHNOLOGY**

11 **“SEC. 221. PURPOSE AND PROGRAM AUTHORITY.**

12 “(a) PURPOSE.—It is the purpose of this part to as-
13 sist consortia of public and private entities—

14 “(1) to carry out programs that prepare pro-
15 spective teachers to use advanced technology to pre-
16 pare all students to meet challenging State and local
17 academic content and student academic achievement
18 standards; and

19 “(2) to improve the ability of institutions of
20 higher education to carry out such programs.

21 “(b) PROGRAM AUTHORITY.—

22 “(1) IN GENERAL.—The Secretary is authorized
23 to award grants to eligible applicants, or enter into
24 contracts or cooperative agreements with eligible ap-
25 plicants, on a competitive basis in order to pay for

1 the Federal share of the cost of projects to develop
2 or redesign teacher preparation programs to enable
3 prospective teachers to use advanced technology ef-
4 fectively in their classrooms.

5 “(2) PERIOD OF AWARDS.—The Secretary may
6 award grants, or enter into contracts or cooperative
7 agreements, under this part for periods that are not
8 more than 5 years in duration.

9 **“SEC. 222. ELIGIBILITY.**

10 “(a) ELIGIBLE APPLICANTS.—In order to receive a
11 grant or enter into a contract or cooperative agreement
12 under this part, an applicant shall be a consortium that
13 includes the following:

14 “(1) At least one institution of higher education
15 that awards baccalaureate degrees and prepares
16 teachers for their initial entry into teaching.

17 “(2) At least one State educational agency or
18 local educational agency.

19 “(3) One or more of the following entities:

20 “(A) An institution of higher education
21 (other than the institution described in para-
22 graph (1)).

23 “(B) A school or department of education
24 at an institution of higher education.

1 “(C) A school or college of arts and
2 sciences (as defined in section 201(b)) at an in-
3 stitution of higher education.

4 “(D) A professional association, founda-
5 tion, museum, library, for-profit business, pub-
6 lic or private nonprofit organization, commu-
7 nity-based organization, or other entity, with
8 the capacity to contribute to the technology-re-
9 lated reform of teacher preparation programs.

10 “(b) APPLICATION REQUIREMENTS.—In order to re-
11 ceive a grant or enter into a contract or cooperative agree-
12 ment under this part, an eligible applicant shall submit
13 an application to the Secretary at such time, in such man-
14 ner, and containing such information as the Secretary may
15 require. Such application shall include the following:

16 “(1) A description of the proposed project, in-
17 cluding how the project would—

18 “(A) ensure that individuals participating
19 in the project would be prepared to use ad-
20 vanced technology to prepare all students, in-
21 cluding groups of students who are underrep-
22 resented in technology-related fields and groups
23 of students who are economically disadvan-
24 taged, to meet challenging State and local aca-

1 demic content and student academic achieve-
2 ment standards; and

3 “(B) improve the ability of at least one
4 participating institution of higher education de-
5 scribed in section 222(a)(1) to ensure such
6 preparation.

7 “(2) A demonstration of—

8 “(A) the commitment, including the finan-
9 cial commitment, of each of the members of the
10 consortium for the proposed project; and

11 “(B) the active support of the leadership of
12 each organization that is a member of the con-
13 sortium for the proposed project.

14 “(3) A description of how each member of the
15 consortium will participate in project activities.

16 “(4) A description of how the proposed project
17 will be continued after Federal funds are no longer
18 awarded under this part for the project.

19 “(5) A plan for the evaluation of the project,
20 which shall include benchmarks to monitor progress
21 toward specific project objectives.

22 “(c) MATCHING REQUIREMENTS.—

23 “(1) IN GENERAL.—The Federal share of the
24 cost of any project funded under this part shall not
25 exceed 50 percent. Except as provided in paragraph

1 (2), the non-Federal share of the cost of such
 2 project may be provided in cash or in kind, fairly
 3 evaluated, including services.

4 “(2) ACQUISITION OF EQUIPMENT.—Not more
 5 than 10 percent of the funds awarded for a project
 6 under this part may be used to acquire equipment,
 7 networking capabilities, or infrastructure, and the
 8 non-Federal share of the cost of any such acquisition
 9 shall be provided in cash.

10 **“SEC. 223. USE OF FUNDS.**

11 “(a) REQUIRED USES.—A consortium that receives
 12 a grant or enters into a contract or cooperative agreement
 13 under this part shall use funds made available under this
 14 part for—

15 “(1) a project creating one or more programs
 16 that prepare prospective teachers to use advanced
 17 technology to prepare all students, including groups
 18 of students who are underrepresented in technology-
 19 related fields and groups of students who are eco-
 20 nomically disadvantaged, to meet challenging State
 21 and local academic content and student academic
 22 achievement standards; and

23 “(2) evaluating the effectiveness of the project.

24 “(b) PERMISSIBLE USES.—The consortium may use
 25 funds made available under this part for a project, de-

1 scribed in the application submitted by the consortium
2 under this part, that carries out the purpose of this part,
3 such as the following:

4 “(1) Developing and implementing high-quality
5 teacher preparation programs that enable edu-
6 cators—

7 “(A) to learn the full range of resources
8 that can be accessed through the use of tech-
9 nology;

10 “(B) to integrate a variety of technologies
11 into curricula and instruction in order to ex-
12 pand students’ knowledge;

13 “(C) to evaluate educational technologies
14 and their potential for use in instruction;

15 “(D) to help students develop their tech-
16 nical skills; and

17 “(E) to use technology to collect, manage,
18 and analyze data to improve teaching and deci-
19 sionmaking.

20 “(2) Developing alternative teacher development
21 paths that provide elementary schools and secondary
22 schools with well-prepared, technology-proficient
23 educators.

24 “(3) Developing achievement-based standards
25 and assessments aligned with the standards to meas-

1 ure the capacity of prospective teachers to use tech-
2 nology effectively in their classrooms.

3 “(4) Providing technical assistance to entities
4 carrying out other teacher preparation programs.

5 “(5) Developing and disseminating resources
6 and information in order to assist institutions of
7 higher education to prepare teachers to use tech-
8 nology effectively in their classrooms.

9 “(6) Subject to section 222(c)(2), acquiring
10 technology equipment, networking capabilities, infra-
11 structure, software, and digital curricula to carry
12 out the project.

13 **“SEC. 224. AUTHORIZATION OF APPROPRIATIONS.**

14 “‘There are authorized to be appropriated to carry out
15 this part—

16 “(1) \$150,000,000 for fiscal year 2004; and

17 “(2) such sums as may be necessary for each
18 of the 5 succeeding fiscal years.”.

1 **TITLE III—DIVERSITY, RETEN-**
 2 **TION, AND ENRICHED ACA-**
 3 **DEMICS FOR MATRICU-**
 4 **LATING STUDENTS**

5 **SEC. 301. TEST PREPARATION FOR LOW-INCOME STU-**
 6 **DENTS.**

7 Title I of the Elementary and Secondary Education
 8 Act of 1965 (20 U.S.C. 6301 et seq.) is amended by add-
 9 ing at the end the following:

10 **“PART J—TEST PREPARATION FOR LOW-INCOME**
 11 **STUDENTS**

12 **“SEC. 1910. DEFINITIONS.**

13 “In this part:

14 “(1) **ELIGIBLE ENTITY.**—The term ‘eligible en-
 15 tity’ means a public, private, or nonprofit entity (in-
 16 cluding a secondary school or a local educational
 17 agency) that—

18 “(A) offers a program to prepare students
 19 for college admissions tests; and

20 “(B) has a verified track record of not less
 21 than 3 years of increasing the average college
 22 admissions test score of students who partici-
 23 pate in such program.

24 “(2) **ELIGIBLE LOCAL EDUCATIONAL AGEN-**
 25 **CY.**—The term ‘eligible local educational agency’

1 means a local educational agency for which the num-
 2 ber of children determined under section 1124(c) for
 3 that local educational agency constitute more than—

4 “(A) the percentage described in section
 5 1125(c)(2)(B)(v) of the agency’s total popu-
 6 lation aged 5 to 17; or

7 “(B) the number described in section
 8 1125(c)(2)(C)(v) of the agency’s total popu-
 9 lation aged 5 to 17.

10 “(3) ELIGIBLE SECONDARY SCHOOL.—The
 11 term ‘eligible secondary school’—

12 “(A) means a secondary school that re-
 13 ceives Federal assistance under part A and is
 14 served by an eligible local educational agency;
 15 and

16 “(B) includes a secondary school that does
 17 not receive Federal assistance under part A for
 18 a fiscal year if such secondary school is served
 19 by an eligible local educational agency that
 20 serves secondary schools, none of which received
 21 Federal assistance under part A for such fiscal
 22 year.

23 **“SEC. 1911. ESTABLISHMENT.**

24 “From amounts appropriated under section 1917 for
 25 a fiscal year, the Secretary shall award grants, on a com-

1 petitive basis, to eligible local educational agencies to en-
2 able such agencies to fund college admissions test prepara-
3 tion programs for juniors and seniors at eligible secondary
4 schools served by such agencies.

5 **“SEC. 1912. APPLICATION.**

6 “An eligible local educational agency that desires a
7 grant under this part shall submit an application to the
8 Secretary at such time, in such manner, and containing
9 such information as the Secretary may require.

10 **“SEC. 1913. DURATION.**

11 “Grants awarded under this subpart shall be for a
12 period of not less than 3 years.

13 **“SEC. 1914. USE OF FUNDS.**

14 “(a) IN GENERAL.—An eligible local educational
15 agency that receives a grant under this part shall use the
16 grant funds to provide, through an eligible entity, a college
17 admissions test preparation program for juniors and sen-
18 iors at eligible secondary schools served by such agency
19 that uses methods that have proven effective in preparing
20 students for college admissions tests.

21 “(b) METHODS.—

22 “(1) IN GENERAL.—A college admissions test
23 preparation program funded under this part shall—

1 “(A) use methods that have proven effective in preparing students for college admissions tests;

2 “(B) to the extent practicable, be administered through instructor led, classroom-based courses; and

3 “(C) consist of a minimum of 25 hours of instructional (nontesting) time.

4 “(2) ONLINE COURSES.—

5 “(A) IN GENERAL.—An eligible local educational agency may enter into a contract with an eligible entity to provide a college admissions test preparation program that will be offered online if—

6 “(i) a classroom-based college admissions test preparation program provided by an eligible entity is not available; and

7 “(ii) the eligible entity providing such online program has a verified track record of not less than 3 years of increasing the average college admissions test score of students served through such online program.

8 “(B) SUPERVISION; ADMINISTRATION.—An online college admissions test preparation pro-

1 gram shall be supervised or administered by a
2 teacher, administrator, or coach who has re-
3 ceived appropriate professional development to
4 support student success in such online program.

5 “(c) COMPARABLE SERVICE.—An eligible entity that
6 is not a school or local educational agency and that re-
7 ceives a contract under this section shall—

8 “(1) provide comparable services in programs
9 offered under this part as in programs such entity
10 offers to such entity’s other customers; and

11 “(2) provide services in programs offered under
12 this part for not more than 75 percent of such enti-
13 ty’s national average rate per student for com-
14 parable programs.

15 “(d) PRACTICE EXAMINATIONS.—

16 “(1) PRIOR TO PREPARATION.—

17 “(A) IN GENERAL.—Programs provided
18 under this section shall require each partici-
19 pating student to complete a practice examina-
20 tion of the college admissions test the student
21 will be preparing for, prior to preparing such
22 student for such college admissions test.

23 “(B) PREVIOUSLY ADMINISTERED; SAME
24 TIMEFRAME AND SETTING.—The practice ex-

amination described under subparagraph (A)
shall be—

“(i) an examination previously administered by the College Board, ACT Inc., or other college admissions tests’ respective administrator; and

“(ii) administered in a timeframe and setting similar to that of the examination when administered by the College Board, ACT Inc., or other college admissions tests’ respective administrator.

“(2) AFTER PREPARATION.—

“(A) IN GENERAL.—Programs provided under subsection (a) shall require each participating student to complete a practice examination of the college admissions test the student prepared for at the completion of the program.

“(B) PREVIOUSLY ADMINISTERED; SAME TIMEFRAME AND SETTING.—The practice examination described under subparagraph (A)—

“(i) shall be an examination previously administered by the College Board, ACT Inc., or other college admissions tests’ respective administrator;

1 “(ii) shall not be the same practice ex-
 2 amination given at the start of the pro-
 3 gram, given at any time during the pro-
 4 gram, or used as a study aid during the
 5 program; and

6 “(iii) shall be administered in a time-
 7 frame and setting similar to that of the ex-
 8 amination when administered by the Col-
 9 lege Board, ACT Inc., or other college ad-
 10 missions tests’ respective administrator.

11 “(e) SUPPLEMENTAL PREPARATION AND GUID-
 12 ANCE.—An eligible entity that receives a contract under
 13 this section or an eligible local educational agency that de-
 14 velops and implements a school-based college admissions
 15 test preparation program under this section shall—

16 “(1) provide supplemental preparation for those
 17 students that need such supplemental preparation to
 18 prepare for college admissions tests in the form of
 19 prepreparation review of skills and knowledge, in-
 20 cluding in mathematics, grammar, and vocabulary;

21 “(2) ensure that students participating in pro-
 22 grams funded under this part receive counseling on
 23 college admissions, including information on select-
 24 ing an institution of higher education, the applica-
 25 tion process and related requirements, the avail-

1 ability of supports and services to facilitate transi-
 2 tion to and success in postsecondary education, and
 3 the availability of financial aid; and

4 “(3) offer not less than 1 seminar or class on
 5 the counseling described under paragraph (2) that
 6 shall be held during evening or weekend hours and
 7 parents shall be invited to attend such seminar or
 8 class.

9 “(f) LOCAL EDUCATIONAL AGENCY SEPARATE PRO-
 10 GRAMS.—An eligible local educational agency that enters
 11 into a contract with an eligible entity pursuant to this sec-
 12 tion—

13 “(1) may conduct activities described under
 14 subsection (e) separate from such contract; and

15 “(2) may not use more than 5 percent of the
 16 grant funds to conduct activities described under
 17 subsection (e) separate from such contract.

18 **“SEC. 1915. REPORTING REQUIREMENT.**

19 “(a) LOCAL EDUCATIONAL AGENCY.—An eligible
 20 local educational agency that develops and implements a
 21 school-based college admissions test preparation program
 22 under section 1914(a)(1) shall submit to the Secretary a
 23 report that includes—

1 “(1) the number of students who started the
2 program, disaggregated by race and gender where
3 appropriate;

4 “(2) the number of students who completed the
5 program, disaggregated by race and gender where
6 appropriate;

7 “(3) the number of students participating in
8 the program who subsequently take the officially ad-
9 ministered college admissions test for which such
10 students were preparing, disaggregated by race and
11 gender where appropriate; and

12 “(4) average scores for participating students
13 on the preprogram test pursuant to section
14 1914(d)(1), and the end of program test pursuant to
15 section 1914(d)(2).

16 “(b) ELIGIBLE ENTITY.—An eligible entity that re-
17 ceives a contract under section 1914 shall submit to the
18 eligible local educational agency that has contracted for
19 such eligible entity’s services a report that includes the
20 information described in subsection (a) and any other in-
21 formation the eligible local educational agency shall rea-
22 sonably require.

23 “(c) FAILURE TO SUBMIT SCORES.—An eligible local
24 educational agency or eligible entity that fails to submit
25 the average scores for participating students on the

1 preprogram test pursuant to section 1914(d)(1), and the
2 end of program test pursuant to section 1914(d)(2) shall
3 have such agency or entity's grant terminated at the dis-
4 cretion of the Secretary.

5 **“SEC. 1916. SCORE IMPROVEMENT.**

6 “(a) REPORT.—Not less than once every 3 years, the
7 Secretary shall review and report to Congress on all pro-
8 grams funded under this part to ensure that such pro-
9 grams are improving the scores of students participating
10 in the program.

11 “(b) NON-ELIGIBILITY.—Programs funded under
12 this part that are determined by the Secretary to have
13 not significantly improved the average score of partici-
14 pating students shall no longer be eligible for grants under
15 this part.

16 **“SEC. 1917. AUTHORIZATION OF APPROPRIATIONS.**

17 “There are authorized to be appropriated to carry out
18 this part \$50,000,000 for fiscal year 2004 and such sums
19 as may be necessary for each of the 5 succeeding fiscal
20 years.”.

21 **SEC. 302. ADMISSIONS AND RETENTION.**

22 (a) PROSPECTIVE STUDENT INFORMATION.—Part A
23 of title IV of the Higher Education Act of 1965 (20 U.S.C.
24 1070 et seq.), as amended by section 105, is further
25 amended by adding at the end the following:

1 **“Subpart 11—Prospective Student Information**

2 **“SEC. 420M. REPORTING.**

3 “(a) IN GENERAL.—An institution of higher edu-
4 cation that offers a baccalaureate degree and is eligible
5 to receive assistance under this part shall include in such
6 institution’s application for assistance under this part the
7 following information:

8 “(1) The percentage of freshman students en-
9 rolled at the institution in the previous academic
10 year who were self-identified members of the fol-
11 lowing disaggregated categories:

12 “(A) Individual major racial and ethnic
13 groups.

14 “(B) Male.

15 “(C) Female.

16 “(D) The relative of an alumnus,
17 disaggregated by race and eligibility for Federal
18 Pell Grants.

19 “(E) Economically disadvantaged, as
20 measured by eligibility for Federal Pell Grants.

21 “(2) The percentage of freshman students en-
22 rolled at the institution in the previous academic
23 year who were admitted to the institution through
24 binding early decision, disaggregated by race and eli-
25 gibility for Federal Pell Grants.

1 “(3) The percentage of freshman students en-
 2 rolled at the institution in the previous academic
 3 year who were admitted to the institution through
 4 regular decision, disaggregated by race and eligi-
 5 bility for Federal Pell Grants.

6 “(b) DISAGGREGATION.—An institution of higher
 7 education shall provide specific disaggregated subgroup in-
 8 formation under subsection (a) only if the number of stu-
 9 dents in such subgroup is sufficient to yield statistically
 10 reliable information and reporting would not reveal per-
 11 sonally identifiable information about an individual. If
 12 such number is not sufficient, the institution of higher
 13 education shall note that the institution enrolled too few
 14 of such students to report with confidence.”.

15 (b) ANTITRUST EXEMPTION.—

16 (1) DEFINITIONS.—In this subsection:

17 (A) ANTITRUST LAWS.—The term “anti-
 18 trust laws” has the meaning given such term in
 19 subsection (a) of the first section of the Clayton
 20 Act (15 U.S.C. 12(a)), except that such term
 21 includes section 5 of the Federal Trade Com-
 22 mission Act (15 U.S.C. 45) to the extent such
 23 section 5 applies to unfair methods of competi-
 24 tion.

1 (B) INSTITUTION OF HIGHER EDU-
2 CATION.—The term “institution of higher edu-
3 cation”—

4 (i) means an institution of higher edu-
5 cation as defined in section 101 of the
6 Higher Education Act of 1965 (20 U.S.C.
7 1001); and

8 (ii) includes any individual acting on
9 behalf of such an institution.

10 (2) EXEMPTION.—The antitrust laws shall not
11 apply to any joint discussion, consideration, review,
12 action, or agreement by or among institutions of
13 higher education, or their representatives, for the
14 purpose of, and limited to, developing and dissemi-
15 nating guidelines designed to end binding early deci-
16 sion admissions policies.

17 (c) RETENTION.—

18 (1) GRANT PROGRAM.—Part A of title III of
19 the Higher Education Act of 1965 (20 U.S.C. 1057
20 et seq.) is amended by adding at the end the fol-
21 lowing:

1 **“SEC. 318. GRANT PROGRAM TO INCREASE STUDENT RE-**
2 **TENTION AND PROMOTE ARTICULATION**
3 **AGREEMENTS.**

4 “(a) **AUTHORIZATION OF PROGRAM.**—The Secretary
5 shall award grants, on a competitive basis, to eligible insti-
6 tutions to enable the institutions to—

7 “(1) focus on increasing traditional and non-
8 traditional student retention at such institutions;
9 and

10 “(2) promote articulation agreements among
11 different institutions that will increase the likelihood
12 of progression of students at such institutions to
13 baccalaureate degrees.

14 “(b) **DEFINITION OF ELIGIBLE INSTITUTION.**—In
15 this section, the term ‘eligible institution’ means an insti-
16 tution of higher education (as defined in section 101(a))
17 where not less than 40 percent of such institution’s stu-
18 dent body receives financial aid under subpart 1 of part
19 A of title IV.

20 “(c) **APPLICATION.**—An eligible institution that de-
21 sires a grant under this section shall submit an application
22 to the Secretary at such time, in such manner, and con-
23 taining such information as the Secretary may require.

24 “(d) **MANDATORY ACTIVITIES.**—An eligible institu-
25 tion that receives a grant under this section shall use the
26 grant funds to carry out each of the following:

1 “(1) Offering counseling services to help stu-
2 dents cope with the challenges they are facing and
3 identify the services that are available to help them
4 persist in their education.

5 “(2) Making mentors available to all students
6 that are at risk for not completing a degree.

7 “(3) Providing detailed assistance to all stu-
8 dents who request help in understanding—

9 “(A) the options for financing their edu-
10 cation, including information on grants, loans,
11 and loan repayment programs;

12 “(B) the process of applying for financial
13 assistance;

14 “(C) the outcome of their financial assist-
15 ance application; and

16 “(D) any unanticipated problems related to
17 financing their education that arise.

18 “(4) Offering tutoring to all students who re-
19 quest assistance with any course or subject.

20 “(5) Conducting outreach activities so that all
21 students know that these services are available and
22 are aware of how to access the services.

23 “(6) Making services listed in paragraphs (1)
24 through (4) available in students’ native languages,
25 if it is not English, if the percentage of students

1 needing translation services in a specific language
2 exceeds 5 percent.

3 “(e) PERMISSIBLE ACTIVITIES.—An eligible institu-
4 tion that receives a grant under this section may use grant
5 funds to carry out any of the following activities:

6 “(1) Providing intensive remedial academic in-
7 struction.

8 “(2) Designing innovative course schedules to
9 meet the needs of working adults, such as classes
10 that are concentrated on weekends or over short pe-
11 riods of time.

12 “(3) Designing and implementing online
13 courses or components of courses to allow nontradi-
14 tional students to obtain an education when their
15 family or professional responsibilities, or both, make
16 it difficult for them to attend class on campus at
17 prespecified, regular times.

18 “(4) Offering childcare during the hours when
19 students have class or are studying.

20 “(5) Providing transportation assistance to stu-
21 dents that helps such students manage their sched-
22 ules.

23 “(6) Partnering with local businesses to create
24 flexible work-hour programs so that students can
25 balance work and school.

1 “(7) Offering time management seminars or
2 personal coaches to help students improve their time
3 management skills.

4 “(8) Any other activities the Secretary believes
5 will promote retention of students attending eligible
6 institutions.

7 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
8 is authorized to be appropriated to carry out this section
9 \$100,000,000 for fiscal year 2004 and such sums as may
10 be necessary for each of the 5 succeeding fiscal years.”.

11 (2) INSTITUTIONAL SUPPORT SERVICES.—Part
12 B of title I of the Higher Education Act of 1965 (20
13 U.S.C. 1011 et seq.) is amended by adding at the
14 end the following:

15 **“SEC. 123. INSTITUTIONAL SUPPORT SERVICES TO IN-**
16 **CREASE STUDENT RETENTION.**

17 “(a) DETERMINATION OF RATES.—

18 “(1) IN GENERAL.—Beginning on the date that
19 is 2 years after the date of enactment of this sec-
20 tion, and annually thereafter, an institution of high-
21 er education shall determine for the preceding aca-
22 demic year the rates of baccalaureate degree comple-
23 tion not later than 6 years after enrollment for stu-
24 dents enrolled at such institution, disaggregated by

1 race, gender, and eligibility for Federal Pell Grants,
2 if the institution of higher education—

3 “(A) receives Federal funds;

4 “(B) is eligible for assistance under title
5 IV;

6 “(C) is not eligible for assistance under
7 section 318; and

8 “(D) awards a baccalaureate degree.

9 “(2) DISAGGREGATION.—An institution of high-
10 er education shall provide specific disaggregated sub-
11 group information under paragraph (1) only if the
12 number of students in such subgroup is sufficient to
13 yield statistically reliable information and reporting
14 would not reveal personally identifiable information
15 about an individual. If such number is not sufficient,
16 the institution of higher education shall note that
17 the institution enrolled too few of such students to
18 report with confidence.

19 “(b) SUPPORT SERVICES FOR AT RISK STUDENTS.—

20 “(1) IN GENERAL.—Beginning on the date that
21 is 2 years after the date of enactment of this sec-
22 tion, and annually thereafter, each institution of
23 higher education that has a disparity of 20 or more
24 percentage points in the rates determined under sub-
25 section (a) between any 2 or more subgroups in all

1 the disaggregated categories for an academic year
 2 shall increase, from the level provided in such aca-
 3 demic year and in accordance with paragraph (2),
 4 support services for the students in the subgroups in
 5 which the baccalaureate degree completion rate is 20
 6 or more percentage points below the completion rate
 7 for the subgroup with the highest completion rate.

8 “(2) AMOUNT OF INCREASE AND ACTIVITIES.—

9 “(A) INCREASE.—The amount of the in-
 10 crease required under paragraph (1) for an aca-
 11 demic year shall be equal to 5 percent of the
 12 amount of assistance received by the institution
 13 of higher education under part C of title IV and
 14 subpart 3 of part A of title IV for such aca-
 15 demic year.

16 “(B) ACTIVITIES.—

17 “(i) MANDATORY ACTIVITIES.—The
 18 amount of the increase required under
 19 paragraph (1) shall be used to carry out
 20 the following activities:

21 “(I) Offering counseling services
 22 to help students cope with the chal-
 23 lenges they are facing and identify the
 24 services that are available to help
 25 them persist in their education.

1 “(II) Making mentors available
2 to all students that are at risk for not
3 completing a degree.

4 “(III) Providing detailed assist-
5 ance to all students who request help
6 in understanding—

7 “(aa) the options for financ-
8 ing their education, including in-
9 formation on grants, loans, and
10 loan repayment programs;

11 “(bb) the process of apply-
12 ing for financial assistance;

13 “(cc) the outcome of their fi-
14 nancial assistance application;
15 and

16 “(dd) any unanticipated
17 problems related to financing
18 their education that arise.

19 “(IV) Offering tutoring to all
20 students who request assistance with
21 any course or subject.

22 “(V) Conducting outreach activi-
23 ties so that all students know that
24 these services are available and are
25 aware of how to access the services.

1 “(VI) Making services listed in
2 subclauses (I) through (IV) available
3 in students’ native languages, if it is
4 not English, if the percentage of stu-
5 dents needing translation services in a
6 specific language exceeds 5 percent.

7 “(ii) PERMISSIBLE ACTIVITIES.—The
8 amount of the increase required under
9 paragraph (1) may be used to carry out
10 any of the following activities:

11 “(I) Providing intensive remedial
12 academic instruction.

13 “(II) Designing innovative course
14 schedules to meet the needs of work-
15 ing adults, such as classes that are
16 concentrated on weekends or over
17 short periods of time.

18 “(III) Designing and imple-
19 menting online courses or components
20 of courses to allow nontraditional stu-
21 dents to obtain an education when
22 their family or professional respon-
23 sibilities, or both, make it difficult for
24 them to attend class on campus at
25 prespecified, regular times.

1 “(IV) Offering childcare during
2 the hours when students have class or
3 are studying.

4 “(V) Providing transportation as-
5 sistance to students that helps such
6 students manage their schedules.

7 “(VI) Partnering with local busi-
8 nesses to create flexible work-hour
9 programs so that students can balance
10 work and school.

11 “(VII) Offering time manage-
12 ment seminars or personal coaches to
13 help students improve their time man-
14 agement skills.

15 “(VIII) Any other activities the
16 Secretary believes will promote reten-
17 tion of students attending eligible in-
18 stitutions.”.

19 **SEC. 303. FEDERAL TRIO PROGRAM.**

20 Section 402A of the Higher Education Act of 1965
21 (20 U.S.C. 1070a–11) is amended—

22 (1) in subsection (b)(3)—

23 (A) in subparagraph (A), by striking
24 “\$170,000” and inserting “\$190,000”;

1 (B) in subparagraph (B), by striking
2 “\$180,000” and inserting “\$200,000”; and

3 (C) in subparagraph (C), by striking
4 “\$190,000” and inserting “\$220,000”; and

5 (2) in subsection (f), by striking the first sen-
6 tence and inserting the following: “For the purpose
7 of making grants and contracts under this chapter,
8 there are authorized to be appropriated
9 \$1,250,000,000 for fiscal year 2004 and such sums
10 as may be necessary for each of the 5 succeeding fis-
11 cal years”.

12 **SEC. 304. GEAR UP.**

13 (a) EARLY INTERVENTION AND COLLEGE AWARE-
14 NESS PROGRAM AUTHORIZED.—Section 404A(b) of the
15 Higher Education Act of 1965 (20 U.S.C. 1070a–21(b))
16 is amended—

17 (1) in paragraph (1), by inserting “6 year”
18 after “shall make”; and

19 (2) by adding at the end the following:

20 “(3) CURRENT GRANTEES.—An eligible entity
21 that has received an award under this section, has
22 performed successfully, and still has need for an
23 award may apply for an additional award under this
24 section.”.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
 2 404H of the Higher Education Act of 1965 (20 U.S.C.
 3 1070a–28) is amended by striking “\$200,000,000 for fis-
 4 cal year 1999 and such sums as may be necessary for each
 5 of the 4 succeeding fiscal years” and inserting
 6 “\$500,000,000 for fiscal year 2004 and such sums as may
 7 be necessary for each of the 5 succeeding fiscal years”.

8 **SEC. 305. LEVERAGING EDUCATIONAL ASSISTANCE PART-**
 9 **nership Program.**

10 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
 11 415A(b) of the Higher Education Act of 1965 (20 U.S.C.
 12 1070c(b)) is amended by striking paragraphs (1) and (2)
 13 and inserting the following:

14 “(1) IN GENERAL.—There are authorized to be
 15 appropriated \$200,000,000 for fiscal year 2004, and
 16 such sums as may be necessary for each of the 5
 17 succeeding fiscal years.

18 “(2) RESERVATION.—For any fiscal year for
 19 which the amount appropriated under paragraph
 20 (1)—

21 “(A) exceeds \$30,000,000, the excess
 22 amount up to and including \$67,000,000 shall
 23 be available to carry out section 415E; and

1 “(B) exceeds \$67,000,000, the excess
2 amount shall be available to carry out section
3 415F.”.

4 (b) INCREASE IN MAXIMUM STUDENT GRANTS.—
5 Section 415C(b)(2) of the Higher Education Act of 1965
6 (20 U.S.C. 1070c–2(b)(2)) is amended by striking
7 “\$5,000” and inserting “\$12,500”.

8 (c) SPECIAL LEVERAGING EDUCATIONAL ASSIST-
9 ANCE PARTNERSHIP PROGRAM.—Section 415E(a) of the
10 Higher Education Act of 1965 (20 U.S.C. 1070c–3a(a))
11 is amended by striking “section 415A(b)(2)” and inserting
12 “section 415A(b)(2)(A)”.

13 (d) GRANTS FOR ACCESS AND PERSISTENCE.—Sub-
14 part 4 of part A of title IV of the Higher Education Act
15 of 1965 (20 U.S.C. 1070c et seq.) is amended—

16 (1) by redesignating section 415F as section
17 415G; and

18 (2) by inserting after section 415E the fol-
19 lowing:

20 **“SEC. 415F. GRANTS FOR ACCESS AND PERSISTENCE.**

21 “(a) AUTHORIZATION.—From amounts reserved
22 under section 415A(b)(2)(B) for each fiscal year, the Sec-
23 retary shall make supplemental allotments among States
24 in the same manner as the Secretary makes allotments
25 among States under section 415B to pay the Federal

1 share of the cost of the authorized activities under sub-
2 section (c).

3 “(b) APPLICATION.—

4 “(1) IN GENERAL.—

5 “(A) SUBMISSION.—A State that desires
6 to receive a supplemental allotment under this
7 section shall submit an application to the Sec-
8 retary at such time, in such manner, and con-
9 taining such information as the Secretary may
10 require.

11 “(B) CONTENT.—An application submitted
12 under subparagraph (A) shall include both of
13 the following:

14 “(i) A description of the State’s plan
15 for using the supplemental allotment
16 funds.

17 “(ii) Assurances that the State will
18 provide matching funds, from State, insti-
19 tutional, philanthropic, or private funds, of
20 not less than 33.33 percent of the cost of
21 carrying out the activities under subsection
22 (c). The State shall specify the methods by
23 which matching funds will be paid and in-
24 clude provisions designed to ensure that
25 funds provided under this section will be

1 used to supplement, and not supplant,
2 non-Federal funds available for carrying
3 out the activities under subsection (c).

4 “(C) APPROVAL.—The Secretary shall ap-
5 prove and fund applications that meet the re-
6 quirements of this section.

7 “(2) STATE AGENCY.—The State agency that
8 submits an application for a State under section
9 415C(a) shall be the same State agency that sub-
10 mits an application under paragraph (1) for such
11 State.

12 “(3) PARTNERSHIP.—

13 “(A) MANDATORY PARTNERS.—In apply-
14 ing for a supplemental allotment under this sec-
15 tion, the State agency shall apply for a supple-
16 mental allotment in partnership with not less
17 than 1 public and 1 private degree granting in-
18 stitution of higher education that are located in
19 the State.

20 “(B) PERMISSIVE PARTNERS.—In addition
21 to applying for a supplemental allotment under
22 this section in partnership with degree granting
23 institutions of higher education, a State agency
24 may also apply in partnership with philan-
25 thropic organizations that are located in the

1 State and private corporations that do business
2 in the State.

3 “(c) AUTHORIZED ACTIVITIES.—

4 “(1) IN GENERAL.—

5 “(A) ESTABLISHMENT OF PROGRAM.—

6 Each State receiving a supplemental allotment
7 under this section shall use the funds to estab-
8 lish a program to award access and persistence
9 grants to eligible low-income students in order
10 to increase the amount of financial assistance
11 such students receive under this subpart for un-
12 dergraduate education expenses.

13 “(B) AMOUNT.—

14 “(i) PARTNERSHIPS WITH LESS THAN
15 A MAJORITY OF INSTITUTIONS IN THE
16 STATE.—

17 “(I) IN GENERAL.—In the case
18 where a State receiving a supple-
19 mental allotment under this section is
20 in a partnership described in subpara-
21 graph (A) or (B) of subsection (d)(2),
22 the amount of an access and persist-
23 ence grant awarded by such State
24 shall be not less than the amount that
25 is equal to the average undergraduate

1 tuition and mandatory fees at 4-year
2 public institutions of higher education
3 in the State where the student resides
4 (less any other government sponsored
5 grant amount or scholarship amount,
6 or both, received by the student) and
7 such amount shall be used toward the
8 cost of attendance at an institution of
9 higher education, located in the State,
10 that is a partner in the program.

11 “(II) COST OF ATTENDANCE.—A
12 State that has a program, apart from
13 the program under this section, of
14 providing eligible low-income students
15 with grants that are equal to the aver-
16 age undergraduate tuition and man-
17 datory fees at 4-year public institu-
18 tions of higher education in the State,
19 may increase the amount of access
20 and persistence grants awarded by
21 such State to an amount that is equal
22 to the average cost of attendance at 4-
23 year public institutions of higher edu-
24 cation in the State.

1 “(ii) PARTNERSHIP WITH A MAJORITY
 2 OF INSTITUTIONS IN THE STATE.—In the
 3 case where a State receiving a supple-
 4 mental allotment under this section is in a
 5 partnership described in subsection
 6 (d)(2)(C), the amount of an access and
 7 persistence grant awarded by such State
 8 shall be equal to the average cost of at-
 9 tendance at 4-year public institutions of
 10 higher education in the State where the
 11 student resides (less any other government
 12 sponsored grant amount or scholarship
 13 amount, or both, received by the student)
 14 and such amount shall be used by the stu-
 15 dent to attend an institution of higher edu-
 16 cation, located in the State, that is a part-
 17 ner in the program.

18 “(2) ELIGIBLE LOW-INCOME STUDENTS.—

19 “(A) IN GENERAL.—Each State receiving
 20 a supplemental allotment under this section
 21 shall—

22 “(i) annually make a determination of
 23 which students in grade 7 through grade
 24 12 in the State are eligible to receive an
 25 access and persistence grant if such stu-

1 dents graduate from secondary school and
2 enroll at an institution of higher education
3 that is a partner in the program; and

4 “(ii) notify such students of their eli-
5 gibility to receive an access and persistence
6 grant.

7 “(B) PRIORITY.—In determining which
8 students are eligible to receive access and per-
9 sistence grants, the State shall give priority to
10 students—

11 “(i) with an expected family contribu-
12 tion equal to zero (as described in section
13 479(c));

14 “(ii) who are participating in, or have
15 participated in, a Federal, State, institu-
16 tional, or community early intervention
17 program, as recognized by the State agen-
18 cy administering the program; and

19 “(iii) who qualify for a free or reduced
20 price lunch under the Richard B. Russell
21 National School Lunch Act (42 U.S.C.
22 1751 et seq.).

23 “(C) CONTENT OF NOTICE.—The notifica-
24 tion under subparagraph (A)(ii) shall include—

1 “(i) information that a student’s can-
2 didacy for an access and persistence grant
3 is enhanced through participation in an
4 early intervention program;

5 “(ii) information that the grant award
6 shall be used toward the cost of attendance
7 at an institution of higher education that
8 is a partner in the program and therefore
9 such award is contingent upon the stu-
10 dent’s enrollment at such an institution;

11 “(iii) an estimation of the amount of
12 financial aid a student awarded an access
13 and persistence grant could expect to re-
14 ceive, including an estimation of the
15 amount of the access and persistence grant
16 and an estimation of the amount of aid
17 from the major Federal and State financial
18 aid programs; and

19 “(iv) instructions on how to apply for
20 an access and persistence grant.

21 “(3) GRANT AWARD.—If an eligible student, as
22 determined under paragraph (2), has been accepted
23 to an institution of higher education that is a part-
24 ner in the program, the State shall—

1 “(A) notify the student of the amount of
 2 the access and persistence grant such student
 3 will receive if such student enrolls at such insti-
 4 tution; and

5 “(B) inform the student that the access
 6 and persistence grant will be awarded and
 7 grant funds will be distributed when such stu-
 8 dent enrolls at such institution.

9 “(4) DURATION OF AWARD.—An eligible stu-
 10 dent that receives an access and persistence grant
 11 under this section shall receive such grant award for
 12 each year of such student’s undergraduate edu-
 13 cation.

14 “(d) FEDERAL SHARE.—

15 “(1) IN GENERAL.—The Federal share of the
 16 cost of the authorized activities described in sub-
 17 section (c) for any fiscal year shall be not more than
 18 66.66 percent.

19 “(2) FORMULA FOR FEDERAL SHARE.—In
 20 awarding supplemental allotments under this sec-
 21 tion, the Secretary shall provide a match of the non-
 22 Federal funds provided by the State in accordance
 23 with the following:

24 “(A) If a State applies for a supplemental
 25 allotment under this section in partnership with

1 only less than a majority of the degree granting
2 institutions of higher education located in the
3 State, then the Federal share shall be equal to
4 50 percent of the cost of carrying out the activi-
5 ties under subsection (c).

6 “(B) If a State applies for a supplemental
7 allotment under this section in partnership with
8 less than a majority of the degree granting in-
9 stitutions of higher education located in the
10 State, philanthropic organizations located in the
11 State, and private corporations doing business
12 in the State, then the Federal share shall be
13 equal to 57 percent of the cost of carrying out
14 the activities under subsection (c).

15 “(C) If a State applies for a supplemental
16 allotment under this section in partnership with
17 a majority of the degree granting institutions of
18 higher education located in the State, philan-
19 thropic organizations located in the State, and
20 private corporations doing business in the
21 State, then the Federal share shall be equal to
22 66.66 percent of the cost of carrying out the ac-
23 tivities under subsection (c).

1 “(e) APPLICABILITY RULE.—The provisions of this
2 subpart which are not inconsistent with this section shall
3 apply to the program authorized by this section.

4 “(f) MAINTENANCE OF EFFORT REQUIREMENT.—
5 Each State receiving a supplemental allotment under this
6 section for a fiscal year shall provide the Secretary an as-
7 surance that the aggregate amount expended per student
8 or the aggregate expenditures by the State, from funds
9 derived from non-Federal sources, for the authorized ac-
10 tivities described in subsection (c) for the preceding fiscal
11 year were not less than the amount expended per student
12 or the aggregate expenditure by the State for the activities
13 for the second preceding fiscal year.”.

14 **TITLE IV—OPPORTUNITIES AT**
15 **HISPANIC-SERVING INSTITU-**
16 **TIONS**

17 **SEC. 401. POSTBACCALAUREATE OPPORTUNITIES FOR HIS-**
18 **PANIC AMERICANS.**

19 (a) ESTABLISHMENT OF PROGRAM.—Title V of the
20 Higher Education Act of 1965 (20 U.S.C. 1101 et seq.)
21 is amended—

- 22 (1) by redesignating part B as part C;
- 23 (2) by redesignating sections 511 through 518
24 as sections 521 through 528, respectively; and
- 25 (3) by inserting after section 505 the following:

1 **“PART B—PROMOTING POSTBACCALAUREATE**
2 **OPPORTUNITIES FOR HISPANIC AMERICANS**

3 **“SEC. 511. FINDINGS AND PURPOSES.**

4 “(a) FINDINGS.—Congress finds the following:

5 “(1) According to the United States Census, by
6 the year 2050, 1 in 4 Americans will be of Hispanic
7 origin.

8 “(2) Despite the dramatic increase in the His-
9 panic population in the United States, the National
10 Center for Education Statistics reported that in
11 1999, Hispanics accounted for only 4 percent of the
12 master’s degrees, 3 percent of the doctor’s degrees,
13 and 5 percent of first-professional degrees awarded
14 in the United States.

15 “(3) Although Hispanics constitute 10 percent
16 of the college enrollment in the United States, they
17 comprise only 3 percent of instructional faculty in
18 colleges and universities.

19 “(4) The future capacity for research and ad-
20 vanced study in the United States will require in-
21 creasing the number of Hispanics pursuing
22 postbaccalaureate studies.

23 “(5) Hispanic-serving institutions are leading
24 the Nation in increasing the number of Hispanics
25 attaining graduate and professional degrees.

1 “(6) Among Hispanics who received master’s
2 degrees in 1999–2000, 25 percent earned them at
3 Hispanic-serving institutions.

4 “(7) Between 1991 and 2000, the number of
5 Hispanic students earning master’s degrees at His-
6 panic-serving institutions grew 136 percent, the
7 number receiving doctor’s degrees grew by 85 per-
8 cent, and the number earning first-professional de-
9 grees grew by 47 percent.

10 “(8) It is in the National interest to expand the
11 capacity of Hispanic-serving institutions to offer
12 graduate and professional degree programs.

13 “(9) Research is a key element in graduate edu-
14 cation and undergraduate preparation, particularly
15 in science and technology, and Congress desires to
16 strengthen the role of research at Hispanic serving-
17 institutions. University research, whether performed
18 directly or through a university’s nonprofit research
19 institute or foundation, is considered an integral
20 part of the institution and mission of the university.

21 “(b) PURPOSES.—The purposes of this part are—

22 “(1) to expand postbaccalaureate educational
23 opportunities for, and improve the academic attain-
24 ment of, Hispanic students; and

1 “(2) to expand and enhance the
2 postbaccalaureate academic offerings of high quality
3 that are educating the majority of Hispanic college
4 students and helping large numbers of Hispanic stu-
5 dents and low-income individuals complete postsec-
6 ondary degrees.

7 **“SEC. 512. PROGRAM AUTHORITY AND ELIGIBILITY.**

8 “(a) PROGRAM AUTHORIZED.—Subject to the avail-
9 ability of funds appropriated to carry out this part, the
10 Secretary shall award competitive grants to eligible insti-
11 tutions.

12 “(b) ELIGIBILITY.—For the purposes of this part, an
13 ‘eligible institution’ means an institution of higher edu-
14 cation that—

15 “(1) is a Hispanic-serving institution (as de-
16 fined under section 502); and

17 “(2) offers a postbaccalaureate certificate or de-
18 gree granting program.

19 **“SEC. 513. AUTHORIZED ACTIVITIES.**

20 “Grants awarded under this part shall be used for
21 1 or more of the following activities:

22 “(1) Purchase, rental, or lease of scientific or
23 laboratory equipment for educational purposes, in-
24 cluding instructional and research purposes.

1 “(2) Construction, maintenance, renovation,
2 and improvement in classroom, library, laboratory,
3 and other instructional facilities, including purchase
4 or rental of telecommunications technology equip-
5 ment or services.

6 “(3) Purchase of library books, periodicals,
7 technical and other scientific journals, microfilm,
8 microfiche, and other educational materials, includ-
9 ing telecommunications program materials.

10 “(4) Support for needy postbaccalaureate stu-
11 dents including outreach, academic support services,
12 mentoring, scholarships, fellowships, and other fi-
13 nancial assistance to permit the enrollment of such
14 students in postbaccalaureate certificate and degree
15 granting programs.

16 “(5) Support of faculty exchanges, faculty de-
17 velopment, faculty research, curriculum development,
18 and academic instruction.

19 “(6) Creating or improving facilities for Inter-
20 net or other distance learning academic instruction
21 capabilities, including purchase or rental of tele-
22 communications technology equipment or services.

23 “(7) Collaboration with other institutions of
24 higher education to expand postbaccalaureate certifi-
25 cate and degree offerings.

1 “(8) Other activities proposed in the application
2 submitted pursuant to section 514 that—

3 “(A) contribute to carrying out the pur-
4 poses of this part; and

5 “(B) are approved by the Secretary as part
6 of the review and acceptance of such applica-
7 tion.

8 **“SEC. 514. APPLICATION AND DURATION.**

9 “(a) APPLICATION.—Any eligible institution may
10 apply for a grant under this part by submitting an applica-
11 tion to the Secretary at such time and in such manner
12 as determined by the Secretary. Such application shall
13 demonstrate how the grant funds will be used to improve
14 postbaccalaureate education opportunities for Hispanic
15 and low-income students and will lead to such students’
16 greater financial independence.

17 “(b) DURATION.—Grants under this part shall be
18 awarded for a period not to exceed 5 years.

19 “(c) LIMITATION.—The Secretary shall not award
20 more than 1 grant under this part in any fiscal year to
21 any Hispanic-serving institution.”.

22 (b) COOPERATIVE ARRANGEMENTS.—Section 524 of
23 the Higher Education Act of 1965 (as redesignated by
24 subsection (a)(2)) is amended by inserting “and section
25 513” after “section 503”.

1 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
 2 528(a) of the Higher Education Act of 1965 (as redesign-
 3 nated by subsection (a)(2)) is amended to read as follows:

4 “(a) AUTHORIZATIONS.—

5 “(1) PART A.—There are authorized to be ap-
 6 propriated to carry out part A of this title
 7 \$175,000,000 for fiscal year 2004 and such sums as
 8 may be necessary for each of the 5 succeeding fiscal
 9 years.

10 “(2) PART B.—There are authorized to be ap-
 11 propriated to carry out part B of this title
 12 \$125,000,000 for fiscal year 2004 and such sums as
 13 may be necessary for each of the 5 succeeding fiscal
 14 years.”.

15 (d) CONFORMING AMENDMENTS.—Title V of the
 16 Higher Education Act of 1965 (20 U.S.C. 1101 et seq.)
 17 is amended—

18 (1) in section 502—

19 (A) in subsection (a)(2)(A)(ii), by striking
 20 “section 512(b)” and inserting “section
 21 522(b)”; and

22 (B) in subsection (b)(2), by striking “sec-
 23 tion 512(a)” and inserting “section 522(a)”;

1 (2) in section 521(c)(6) (as redesignated by
2 subsection (a)(2)), by striking “section 516” and in-
3 serting “section 526”; and

4 (3) in section 526 (as redesignated by sub-
5 section (a)(2)), by striking “section 518” and insert-
6 ing “section 528”.

7 **SEC. 402. DEFINITIONS.**

8 Section 502(a) of the Higher Education Act of 1965
9 (20 U.S.C. 1101a(a)) is amended—

10 (1) in paragraph (5)—

11 (A) in subparagraph (A), by inserting
12 “and” after the semicolon;

13 (B) in subparagraph (B), by striking “;
14 and” and inserting a period; and

15 (C) by striking subparagraph (C); and

16 (2) by striking paragraph (7).

17 **SEC. 403. AUTHORIZED ACTIVITIES.**

18 Section 503(b)(7) of the Higher Education Act of
19 1965 (20 U.S.C. 1101b(b)(7)) is amended to read as fol-
20 lows:

21 “(7) Articulation agreements and student sup-
22 port programs designed to facilitate the transfer
23 from 2-year to 4-year institutions.”.

1 **SEC. 404. ELIMINATION OF WAIT-OUT PERIOD.**

2 Section 504(a) of the Higher Education Act of 1965
3 (20 U.S.C. 1101c(a)) is amended to read as follows:

4 “(a) AWARD PERIOD.—The Secretary may award a
5 grant to a Hispanic-serving institution under this title for
6 5 years.”.

7 **SEC. 405. APPLICATION PRIORITY.**

8 Section 521(d) of the Higher Education Act of 1965
9 (as redesignated by section 401(a)(2)) is amended by
10 striking “(from funds other than funds provided under
11 this title)”.

12 **TITLE V—HISTORICALLY BLACK**
13 **COLLEGES AND UNIVERSITIES**

14 **SEC. 501. PROFESSIONAL OR GRADUATE INSTITUTIONS.**

15 Section 326 of the Higher Education Act of 1965 (20
16 U.S.C. 1063b) is amended—

17 (1) in subsection (a)—

18 (A) in paragraph (1), by inserting “busi-
19 ness administration, computer or information
20 science, nursing and allied health,” after “engi-
21 neering,”; and

22 (B) in paragraph (2), by striking
23 “\$1,000,000” both places such term appears
24 and inserting “\$1,500,000”;

25 (2) in subsection (d)(2), by striking
26 “\$1,000,000” and inserting “\$1,500,000”;

1 (3) in subsection (e)—

2 (A) in paragraph (1)—

3 (i) in subparagraph (Q), by striking
4 “and” after the semicolon;

5 (ii) in subparagraph (R), by striking
6 the period at the end and inserting a semi-
7 colon; and

8 (iii) by adding at the end the fol-
9 lowing:

10 “(S) Alabama State University qualified
11 graduate programs;

12 “(T) Albany State University qualified
13 graduate programs;

14 “(U) Alcorn State University qualified
15 graduate programs;

16 “(V) Bowie State University qualified
17 graduate programs;

18 “(W) Coppin State University qualified
19 graduate programs;

20 “(X) Delaware State University qualified
21 graduate programs;

22 “(Y) Fayetteville State University qualified
23 graduate programs;

24 “(Z) Fisk University qualified graduate
25 programs;

1 “(AA) Grambling State University quali-
2 fied graduate programs;

3 “(BB) Kentucky State University qualified
4 graduate programs;

5 “(CC) Langston University qualified grad-
6 uate programs;

7 “(DD) Lincoln University (MO) qualified
8 graduate programs;

9 “(EE) Prairie View A&M University quali-
10 fied graduate programs;

11 “(FF) South Carolina State University
12 qualified graduate programs;

13 “(GG) Southern University & A&M College
14 qualified graduate programs;

15 “(HH) University of the District of Colum-
16 bia qualified graduate programs; and

17 “(II) Virginia State University qualified
18 graduate programs.”; and

19 (B) in paragraph (2)—

20 (i) in subparagraph (A), by inserting
21 “business administration, computer or in-
22 formation science, nursing and allied
23 health,” after “physical or natural
24 sciences,”; and

1 (ii) in subparagraph (B), by striking
2 “not more than 10 percent” and inserting
3 “not more than 30 percent”;

4 (4) by striking subsection (f) and inserting the
5 following:

6 “(f) FUNDING RULE.—Subject to subsection (g), of
7 the amount appropriated to carry out this section for any
8 fiscal year—

9 “(1) the first \$26,600,000 (or any lesser
10 amount appropriated) shall be available only for the
11 purposes of making grants to institutions or pro-
12 grams described in subparagraphs (A) through (P)
13 of subsection (e)(1);

14 “(2) any amount in excess of \$26,600,000, but
15 not in excess of \$28,600,000, shall be available for
16 the purpose of making grants to institutions or pro-
17 grams described in subparagraphs (Q) and (R) of
18 subsection (e)(1);

19 “(3) any amount in excess of \$28,600,000, but
20 not in excess of \$45,600,000, shall be available for
21 the purpose of making grants to institutions or pro-
22 grams described in subparagraphs (S) through (II)
23 of subsection (e)(1);

24 “(4) any amount in excess of \$45,600,000, but
25 not in excess of \$63,100,000, shall be available for

1 the purpose of increasing the grant amounts to not
2 more than \$1,500,000 to each institution or pro-
3 gram described in subparagraphs (A) through (II) of
4 subsection (e)(1); and

5 “(5) any amount in excess of \$63,100,000,
6 shall be made available to each of the institutions or
7 programs identified in subparagraphs (A) through
8 (II) of subsection (e)(1) pursuant to a formula de-
9 veloped by the Secretary that uses the following ele-
10 ments:

11 “(A) The ability of the institution to match
12 Federal funds with non-Federal funds.

13 “(B) The number of students enrolled in
14 the programs for which the eligible institution
15 received funding under this section in the pre-
16 vious year.

17 “(C) The average cost of education per
18 student, for all full-time graduate or profes-
19 sional students (or the equivalent) enrolled in
20 the eligible professional or graduate school, or
21 for doctoral students enrolled in the qualified
22 graduate programs.

23 “(D) The number of students in the pre-
24 vious year who received their first professional
25 or doctoral degree from the programs for which

1 the eligible institution received funding under
2 this section in the previous year.

3 “(E) The contribution, on a percent basis,
4 of the programs for which the institution is eli-
5 gible to receive funds under this section to the
6 total number of African-Americans receiving
7 graduate or professional degrees in the profes-
8 sions or disciplines related to the programs for
9 the previous year.”; and

10 (5) in subsection (g), by striking “paragraphs
11 (2) and (3) of subsection (f)” and inserting “sub-
12 section (f)”.

13 **SEC. 502. GRADUATE AND PROFESSIONAL DEGREE DEVEL-**
14 **OPMENT PROGRAM.**

15 Part B of title III of the Higher Education Act of
16 1965 (20 U.S.C. 1060 et seq.) is amended—

17 (1) by redesignating section 327 as section 328;
18 and

19 (2) by inserting after section 326 the following:

20 **“SEC. 327. GRADUATE AND PROFESSIONAL DEGREE DEVEL-**
21 **OPMENT PROGRAM.**

22 “(a) GRANT AUTHORITY.—The Secretary is author-
23 ized to award grants to eligible historically Black colleges
24 and universities to enable such colleges and universities
25 to—

1 “(1) develop masters, doctoral, or professional
2 degree programs; and

3 “(2) provide assistance, through fellowship
4 awards, to graduate students at such colleges and
5 universities.

6 “(b) ELIGIBLE GRANT RECIPIENT.—Eligibility to re-
7 ceive grants under this section is limited to historically
8 Black colleges and universities that are making a substan-
9 tial contribution to the education of African-Americans.

10 “(c) APPLICATION.—An eligible historically Black
11 college or university that desires to receive a grant under
12 this section shall submit an application to the Secretary
13 that—

14 “(1) demonstrates how the grant funds will be
15 used to improve—

16 “(A) graduate educational opportunities
17 for African-American and low-income students;
18 and

19 “(B) the financial independence of such
20 students;

21 “(2) provides, in the case of applications for
22 grants in excess of \$500,000, the assurances re-
23 quired by subsection (g) and specifies the manner in
24 which the college or university is going to pay the
25 non-Federal share of the cost of the application; and

1 “(3) contains such information as the Secretary
2 may require.

3 “(d) PRIORITY.—In awarding grants under this sec-
4 tion, the Secretary shall give priority consideration to
5 those eligible historically Black colleges and universities
6 desiring to support programs and graduate students in
7 areas of national need or academic disciplines in which
8 African-Americans are underrepresented.

9 “(e) USE OF FUNDS.—An eligible historically Black
10 college or university that receives a grant under this sec-
11 tion may use the grant funds for—

12 “(1) purchase, rental, or lease of equipment for
13 educational purposes, including instructional and re-
14 search purposes;

15 “(2) construction, maintenance, renovation, and
16 improvement in classroom, library, laboratory, and
17 other instructional facilities, including purchase or
18 rental of telecommunications technology equipment
19 or services;

20 “(3) purchase of library books, periodicals,
21 journals, microfilm, microfiche, and other edu-
22 cational materials, including telecommunications
23 program materials;

24 “(4) scholarships, fellowships, and other finan-
25 cial assistance for needy graduate and professional

1 students to permit the enrollment of the students in
2 and completion of the graduate or professional de-
3 gree; and

4 “(5) assistance in the establishment or mainte-
5 nance of an institutional endowment to facilitate fi-
6 nancial independence pursuant to section 331.

7 “(f) DURATION.—Grants shall be made for a period
8 not to exceed 5 years.

9 “(g) FUNDING RULE.—No grant in excess of
10 \$500,000 may be made under this section unless the col-
11 lege or university provides assurances that 50 percent of
12 the cost of the purposes for which the grant is made will
13 be paid from non-Federal sources, except that no college
14 or university shall be required to match any portion of
15 the first \$500,000 of the college or university’s award
16 from the Secretary.

17 “(h) TWO GRANTS PER INSTITUTION.—The Sec-
18 retary may award not more than 2 grants or an aggregate
19 amount of \$1,000,000 under this section in any fiscal year
20 to any institution of higher education or university system.

21 “(i) INSTITUTIONAL CHOICE.—The president or
22 chancellor of the college or university may select the pro-
23 gram for which to seek funding.

24 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
25 are authorized to be appropriated to carry out this section

1 \$30,000,000 for fiscal year 2004 and such sums as may
 2 be necessary for each of the 5 succeeding fiscal years.”.

3 **SEC. 503. AUTHORIZATION OF APPROPRIATIONS.**

4 (a) GRANTS TO INSTITUTIONS.—Section 323(a) of
 5 the Higher Education Act of 1965 (20 U.S.C. 1062(a))
 6 is amended by striking “section 360(a)(2)” and inserting
 7 “section 399(a)(2)(C)”.

8 (b) AUTHORIZATION.—Section 399(a) of the Higher
 9 Education Act of 1965 (20 U.S.C. 1068h(a)) is amend-
 10 ed—

11 (1) in paragraph (2)—

12 (A) in subparagraph (A), by striking “sec-
 13 tion 326” and inserting “sections 323 and
 14 326”;

15 (B) in subparagraph (B), by striking
 16 “\$35,000,000 for fiscal year 1999, and such
 17 sums as may be necessary for each of the 4
 18 succeeding fiscal years” and inserting
 19 “\$75,000,000 for fiscal year 2004, and such
 20 sums as may be necessary for each of the 5
 21 succeeding fiscal years”; and

22 (C) by adding at the end the following:

23 “(C) There are authorized to be appropriated to
 24 carry out section 323, \$250,000,000 for fiscal year

1 2004, and such sums as may be necessary for each
2 of the 5 succeeding fiscal years”;

3 (2) in paragraph (3), by striking “\$10,000,000
4 for fiscal year 1999, and such sums as may be nec-
5 essary for each of the 4 succeeding fiscal years” and
6 inserting “\$25,000,000 for fiscal year 2004, and
7 such sums as may be necessary for each of the 5
8 succeeding fiscal years”; and

9 (3) in paragraph (5), by striking “\$10,000,000
10 for fiscal year 1999, and such sums as may be nec-
11 essary for each of the 4 succeeding fiscal years” and
12 inserting “\$20,000,000 for fiscal year 2004, and
13 such sums as may be necessary for each of the 5
14 succeeding fiscal years”.

15 **SEC. 504. PATSY T. MINK FELLOWSHIP PROGRAM.**

16 Part A of title VII of the Higher Education Act of
17 1965 (20 U.S.C. 1134 et seq.) is amended—

18 (1) by redesignating subpart 4 as subpart 5;

19 (2) by redesignating section 731 as section 741;

20 (3) in section 741 (as redesignated by para-
21 graph (2))—

22 (A) in subsection (a), by striking “and 3”
23 and inserting “3, and 4”;

24 (B) in subsection (b), by striking “and 3”
25 and inserting “3, and 4”; and

1 (C) in subsection (d), by striking “or 3”
 2 and inserting “3, or 4”; and
 3 (4) by inserting after subpart 3 the following:

4 **“Subpart 4—Patsy T. Mink Fellowship Program**

5 **“SEC. 731. PURPOSE AND DESIGNATION.**

6 “(a) PURPOSE.—It is the purpose of this subpart to
 7 provide, through eligible institutions, a program of fellow-
 8 ship awards to assist highly qualified minorities and
 9 women to acquire the doctoral degree, or highest possible
 10 degree available, in academic areas in which such individ-
 11 uals are underrepresented for the purpose of enabling such
 12 individuals to enter the higher education professoriate.

13 “(b) DESIGNATION.—Each recipient of a fellowship
 14 award from an eligible institution receiving a grant under
 15 this subpart shall be known as a ‘Patsy T. Mink Graduate
 16 Fellow’.

17 **“SEC. 732. DEFINITION OF ELIGIBLE INSTITUTION.**

18 “In this subpart, the term ‘eligible institution’ means
 19 an institution of higher education, or a consortium of such
 20 institutions, that offers a program of postbaccalaureate
 21 study leading to a graduate degree.

22 **“SEC. 733. PROGRAM AUTHORIZED.**

23 “(a) GRANTS BY SECRETARY.—

24 “(1) IN GENERAL.—The Secretary shall award
 25 grants to eligible institutions to enable such institu-

tions to make fellowship awards to individuals in accordance with the provisions of this subpart.

“(2) PRIORITY CONSIDERATION.—In awarding grants under this subpart, the Secretary shall consider the eligible institution’s prior experience in producing doctoral degree, or highest possible degree available, holders who are minorities and women, and shall give priority consideration in making grants under this subpart to those eligible institutions with a demonstrated record of producing minorities and women who have earned such degrees.

“(b) APPLICATIONS.—

“(1) IN GENERAL.—An eligible institution that desires a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(2) APPLICATIONS MADE ON BEHALF.—

“(A) IN GENERAL.—The following entities may submit an application on behalf of an eligible institution:

“(i) A graduate school or department of such institution.

“(ii) A graduate school or department of such institution in collaboration with an

1 undergraduate college or university of such
2 institution.

3 “(iii) An organizational unit within
4 such institution that offers a program of
5 postbaccalaureate study leading to a grad-
6 uate degree, including an interdisciplinary
7 or an interdepartmental program.

8 “(iv) A nonprofit organization with a
9 demonstrated record of helping minorities
10 and women earn postbaccalaureate de-
11 grees.

12 “(B) NONPROFIT ORGANIZATIONS.—Noth-
13 ing in this paragraph shall be construed to per-
14 mit the Secretary to award a grant under this
15 subpart to an entity other than an eligible insti-
16 tution.

17 “(c) SELECTION OF APPLICATIONS.—In awarding
18 grants under subsection (a), the Secretary shall—

19 “(1) take into account the number and distribu-
20 tion of minority and female faculty nationally, as
21 well as the current and projected need for highly
22 trained individuals in all areas of the higher edu-
23 cation professoriate;

24 “(2) take into account the number and distribu-
25 tion of minority and female faculty nationally, as

1 well as the present and projected need for highly
 2 trained individuals in academic career fields in which
 3 minorities and women are underrepresented in the
 4 higher education professoriate; and

5 “(3) consider the need to prepare a large num-
 6 ber of minorities and women generally in academic
 7 career fields of high national priority, especially in
 8 areas in which such individuals are traditionally
 9 underrepresented in college and university faculties.

10 “(d) DISTRIBUTION AND AMOUNTS OF GRANTS.—

11 “(1) EQUITABLE DISTRIBUTION.—In awarding
 12 grants under subsection (a), the Secretary shall, to
 13 the maximum extent feasible, ensure an equitable
 14 geographic distribution of awards and an equitable
 15 distribution among public and independent eligible
 16 institutions that apply for grants under this subpart
 17 and that demonstrate an ability to achieve the pur-
 18 pose of this subpart.

19 “(2) SPECIAL RULE.—To the maximum extent
 20 practicable, the Secretary shall use not less than 50
 21 percent of the amount appropriated pursuant to sec-
 22 tion 736 to award grants to the following eligible in-
 23 stitutions:

24 “(A) Eligible institutions that are eligible
 25 for assistance under title III or title V.

1 “(B) Eligible institutions that are eligible
2 institutions, as defined in section 312.

3 “(C) Eligible institutions that are Tribal
4 Colleges or Universities, as defined in section
5 316.

6 “(D) Eligible institutions that are Alaska
7 Native-serving institutions, as defined in section
8 317.

9 “(E) Eligible institutions that are Native-
10 Hawaiian-serving institutions, as defined in sec-
11 tion 317.

12 “(F) Eligible institutions that are part B
13 institutions, as defined in section 322.

14 “(G) Eligible institutions that are eligible
15 institutions, as defined in section 502.

16 “(H) Consortia of eligible institutions that
17 are nonminority-serving institutions and eligible
18 institutions that are minority-serving institu-
19 tions.

20 “(3) ALLOCATION.—In awarding grants under
21 this subpart, the Secretary shall allocate appropriate
22 funds to those eligible institutions whose applications
23 indicate an ability to significantly increase the num-
24 bers of minorities and women entering the higher
25 education professoriate and that commit institu-

1 tional resources to the attainment of the purpose of
 2 this subpart. An eligible institution that receives a
 3 grant under this subpart shall make not less than 15
 4 fellowship awards.

5 “(4) REALLOTMENT.—If the Secretary deter-
 6 mines that an eligible institution awarded a grant
 7 under this subpart is unable to use all of the grant
 8 funds awarded to the institution, the Secretary shall
 9 reallocate, on such date during each fiscal year as the
 10 Secretary may fix, the funds that are not usable to
 11 other eligible institutions that demonstrate that such
 12 institutions can use any reallocated grant funds to
 13 make fellowship awards to individuals under this
 14 subpart.

15 “(e) INSTITUTIONAL ALLOWANCE.—

16 “(1) IN GENERAL.—

17 “(A) NUMBER OF ALLOWANCES.—In
 18 awarding grants under this subpart, the Sec-
 19 retary shall pay to each eligible institution
 20 awarded a grant, for each individual awarded a
 21 fellowship by such institution under this sub-
 22 part, an institutional allowance.

23 “(B) AMOUNT.—Except as provided in
 24 paragraph (3), an institutional allowance shall
 25 be in an amount equal to, for academic year

1 2005–2006 and succeeding academic years, the
2 amount of institutional allowance made to an
3 institution of higher education under section
4 715.

5 “(2) USE OF FUNDS.—Institutional allowances
6 may be expended in the discretion of the eligible in-
7 stitution and may be used to provide, except as pro-
8 hibited under paragraph (4), academic support and
9 career transition services for individuals awarded fel-
10 lowships by such institution.

11 “(3) REDUCTION.—The institutional allowance
12 paid under paragraph (1) shall be reduced by the
13 amount the institution charges and collects from a
14 fellowship recipient for tuition and other expenses as
15 part of the recipient’s instructional program.

16 “(4) USE FOR OVERHEAD PROHIBITED.—Funds
17 made available pursuant to this subpart may not be
18 used for general operational overhead of the aca-
19 demic department or institution receiving funds
20 under this subpart.

21 **“SEC. 734. FELLOWSHIP RECIPIENTS.**

22 “(a) AUTHORIZATION.—An eligible institution that
23 receives a grant under this subpart shall use the grant
24 funds to make fellowship awards to minorities and women

1 who are enrolled at such institution in a doctoral degree,
2 or highest possible degree available, program and—

3 “(1) intend to pursue a career in instruction
4 at—

5 “(A) an institution of higher education (as
6 defined in section 101);

7 “(B) an institution of higher education (as
8 defined in section 102(a)(1));

9 “(C) an institution of higher education
10 outside the United States, as that term is de-
11 scribed in section 102(a)(2); or

12 “(D) a proprietary institution of higher
13 education (as defined in section 102(b)); and

14 “(2) sign an agreement with the Secretary
15 agreeing to, within 5 years of receiving the doctoral
16 degree, or highest possible degree available, begin
17 employment at an institution described in paragraph
18 (1) for 1 year for each year of fellowship assistance
19 received under this subpart.

20 “(b) FAILURE TO COMPLY.—If an individual who re-
21 ceives a fellowship award under this subpart fails to com-
22 ply with the agreement signed pursuant to subsection
23 (a)(2), then the Secretary shall do 1 or both of the fol-
24 lowing:

1 “(1) Require the individual to repay all or the
2 applicable portion of the total fellowship amount
3 awarded to the individual by converting the balance
4 due to a loan at the interest rate applicable to loans
5 made under part B of title IV.

6 “(2) Impose a fine or penalty in an amount to
7 be determined by the Secretary.

8 “(c) WAIVER AND MODIFICATION.—

9 “(1) REGULATIONS.—The Secretary shall pro-
10 mulgate regulations setting forth criteria to be con-
11 sidered in granting a waiver for the service require-
12 ment under subsection (a).

13 “(2) CONTENT.—The criteria under paragraph
14 (1) shall include whether compliance with the service
15 requirement by the fellowship recipient would be—

16 “(A) inequitable and represent a substan-
17 tial hardship; or

18 “(B) deemed impossible because the indi-
19 vidual is permanently and totally disabled at
20 the time of the waiver request.

21 “(d) AMOUNT OF FELLOWSHIP AWARDS.—Fellow-
22 ship awards under this subpart shall consist of a stipend
23 in an amount equal to the level of support provided to
24 the National Science Foundation graduate fellows, except
25 that such stipend shall be adjusted as necessary so as not

1 to exceed the fellow's tuition and fees or demonstrated
 2 need (as determined by the institution of higher education
 3 where the graduate student is enrolled), whichever is
 4 greater.

5 “(e) **ACADEMIC PROGRESS REQUIRED.**—An indi-
 6 vidual shall not be eligible to receive a fellowship award—

7 “(1) except during periods in which such stu-
 8 dent is enrolled, such student is maintaining satis-
 9 factory academic progress in, devoting essentially
 10 full time to, study or research in the pursuit of the
 11 degree for which the fellowship support was award-
 12 ed; and

13 “(2) if the student is engaged in gainful em-
 14 ployment other than part-time employment involved
 15 in teaching, research, or similar activity determined
 16 by the institution to be consistent with and sup-
 17 portive of the student's progress toward the appro-
 18 priate degree.

19 **“SEC. 735. RULE OF CONSTRUCTION.**

20 “Nothing in this subpart shall be construed to require
 21 an eligible institution that receives a grant under this sub-
 22 part to—

23 “(1) grant a preference or to differentially treat
 24 any applicant for a faculty position as a result of the

1 institution's participation in the program under this
 2 subpart; and

3 “(2) hire a Patsy T. Mink Fellow who com-
 4 pletes this program and seeks employment at such
 5 institution.

6 **“SEC. 736. AUTHORIZATION OF APPROPRIATIONS.**

7 “There is authorized to be appropriated to carry out
 8 this subpart \$25,000,000 for fiscal year 2004 and such
 9 sums as may be necessary for each of the 5 succeeding
 10 fiscal years.”.

11 **TITLE VI—RECRUITMENT OF**
 12 **TEACHERS TO TEACH AT**
 13 **TRIBAL COLLEGES OR UNI-**
 14 **VERSITIES**

15 **SEC. 601. LOAN REPAYMENT OR CANCELLATION FOR INDIV-**
 16 **IDUALS WHO TEACH IN TRIBAL COLLEGES**
 17 **OR UNIVERSITIES.**

18 (a) SHORT TITLE.—This title may be cited as the
 19 “Tribal Colleges and Universities Teacher Loan Forgive-
 20 ness Act”.

21 (b) PERKINS LOANS.—

22 (1) AMENDMENT.—Section 465(a) of the High-
 23 er Education Act of 1965 (20 U.S.C. 1087ee(a)) is
 24 amended—

25 (A) in paragraph (2)—

1 (i) in subparagraph (H), by striking
2 “or” after the semicolon;

3 (ii) in subparagraph (I), by striking
4 the period and inserting “; or”; and

5 (iii) by adding at the end the fol-
6 lowing:

7 “(J) as a full-time teacher at a Tribal College
8 or University as defined in section 316(b).”; and

9 (B) in paragraph (3)(A)(i), by striking “or
10 (I)” and inserting “(I), or (J)”.

11 (2) EFFECTIVE DATE.—The amendments made
12 by paragraph (1) shall be effective for service per-
13 formed during academic year 1998–1999 and suc-
14 ceeding academic years, notwithstanding any con-
15 trary provision of the promissory note under which
16 a loan under part E of title IV of the Higher Edu-
17 cation Act of 1965 (20 U.S.C. 1087aa et seq.) was
18 made.

19 (c) FFEL AND DIRECT LOANS.—Part G of title IV
20 of the Higher Education Act of 1965 (20 U.S.C. 1088
21 et seq.) is amended by adding at the end the following:

1 **“SEC. 493C. LOAN REPAYMENT OR CANCELLATION FOR IN-**
 2 **DIVIDUALS WHO TEACH IN TRIBAL COL-**
 3 **LEGES OR UNIVERSITIES.**

4 “(a) PROGRAM AUTHORIZED.—The Secretary shall
 5 carry out a program, through the holder of a loan, of as-
 6 suming or canceling the obligation to repay a qualified
 7 loan amount, in accordance with subsection (b), for any
 8 new borrower on or after the date of enactment of this
 9 section, who—

10 “(1) has been employed as a full-time teacher
 11 at a Tribal College or University as defined in sec-
 12 tion 316(b); and

13 “(2) is not in default on a loan for which the
 14 borrower seeks repayment or cancellation.

15 “(b) QUALIFIED LOAN AMOUNTS.—

16 “(1) PERCENTAGES.—Subject to paragraph (2),
 17 the Secretary shall assume or cancel the obligation
 18 to repay under this section—

19 “(A) 15 percent of the amount of all loans
 20 made, insured, or guaranteed after the date of
 21 enactment of this section to a student under
 22 part B or D, for the first or second year of em-
 23 ployment described in subsection (a)(1);

24 “(B) 20 percent of such total amount, for
 25 the third or fourth year of such employment;
 26 and

1 “(C) 30 percent of such total amount, for
2 the fifth year of such employment.

3 “(2) MAXIMUM.—The Secretary shall not repay
4 or cancel under this section more than \$15,000 in
5 the aggregate of loans made, insured, or guaranteed
6 under parts B and D for any student.

7 “(3) TREATMENT OF CONSOLIDATION LOANS.—
8 A loan amount for a loan made under section 428C
9 may be a qualified loan amount for the purposes of
10 this subsection only to the extent that such loan
11 amount was used to repay a loan made, insured, or
12 guaranteed under part B or D for a borrower who
13 meets the requirements of subsection (a), as deter-
14 mined in accordance with regulations prescribed by
15 the Secretary.

16 “(c) REGULATIONS.—The Secretary is authorized to
17 issue such regulations as may be necessary to carry out
18 the provisions of this section.

19 “(d) CONSTRUCTION.—Nothing in this section shall
20 be construed to authorize any refunding of any repayment
21 of a loan.

22 “(e) PREVENTION OF DOUBLE BENEFITS.—No bor-
23 rower may, for the same service, receive a benefit under
24 both this section and subtitle D of title I of the National

1 and Community Service Act of 1990 (42 U.S.C. 12571
2 et seq.).

3 “(f) DEFINITION.—For purposes of this section, the
4 term ‘year’, when applied to employment as a teacher,
5 means an academic year as defined by the Secretary.”.

6 **SEC. 602. AMOUNTS FORGIVEN NOT TREATED AS GROSS IN-**
7 **COME.**

8 The amount of any loan that is assumed or canceled
9 under an amendment made by this title shall not, con-
10 sistent with section 108(f) of the Internal Revenue Code
11 of 1986, be treated as gross income for Federal income
12 tax purposes.

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